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Subject: 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 (*CAP reform*)
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) (*CAP reform*)
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) (*CAP reform*)
Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy (the horizontal regulation) (*CAP reform*)
= Presidency suggestions for an adjusted Council mandate

On 24 June 2013, the Presidency reached a provisional agreement on the four draft CAP reform regulations with the representatives of the European Parliament and the Commission in the informal trilogues (Luxembourg) subject to final confirmation of the Council regarding a number of changes amending or supplementing the legal texts.

These changes are set out in Annexes I-IV to this document and are highlighted in yellow.

These changes would amend or supplement the Presidency consolidated draft regulations

- on Direct payments (doc 10730/1/13 REV 1),
- on the Single common market organisation (doc 10784/1/13 REV 1 + REV 1 ADD 1),
- on Rural development (doc 11102/1/13 REV 1) and
- on the "Horizontal provisions" (doc 11082/1/13 REV 1 + REV1 ADD 1).

Where previously open issues were cleared in trilogue the square brackets have been removed.

A number of remaining open issues (which remain in square brackets) will be addressed at a final trilogue to be held in Brussels on 26 June 2013 prior to an EP COMAGRI Committee extraordinary meeting that day. The Presidency summary of those issues is set out in Addendum 1 to this document.

Issues relating to the MFF are also placed in square brackets pending finalisation of the MFF agreement.

At its meeting on 25 June 2013, the Council (Agriculture and Fisheries) is invited :

- = to adjust the Council mandate with a view to an agreement with the European Parliament and the Commission (subject to legal finalisation and legal linguistic revision) on the basis of the above draft consolidated regulations as amended or supplemented by the texts set out in Annexes I - IV,
- = to give the Presidency guidance on the open issues contained in Addendum 1 to this document,
- = to instruct the Special Committee on Agriculture to finalise the legal texts with a view to reaching an agreement with the European Parliament at first reading subject to legal linguistic revision.

Direct Payments

(...)

Article 8

Financial discipline

1. The adjustment rate determined in accordance with Article 25 of Regulation (EU) No [...] [HZR] shall only apply to direct payments in excess of EUR ~~5~~ 2 000 to be granted to farmers in the corresponding calendar year.

2.-3. (...)

Article 9

Active farmer

1. (...)

2. ***No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, where they operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds.***

(...)

3.-6. (...)

Progressive reduction and capping of the payment

1. ~~[Member States shall reduce T~~the amount of direct payments to be granted to a farmer under this Regulation in a given calendar ~~shall be reduced~~ year as follows:
 - by ~~20~~ **at least [XX]** % for the tranche of more than EUR 150 000 and up to EUR 2300 000;
 - by **40 at least [XX]** % for the tranche of more than EUR 2300 000 ~~and up to EUR 250 000;~~
 - ~~— by 70 % for the tranche of more than EUR 250 000 and up to EUR 300 000;~~
 - ~~— by 100 % for the tranche of more than EUR 300 000.~~

Member States may further subdivide each tranche in order to apply progressively higher fixed percentages for such sub-tranches. The fixed percentages in the first sub-paragraph may go up to 100%.

2. **[Member States may decide that]** The amount referred to in paragraph 1 shall be calculated by subtracting the salaries *linked to an agricultural activity* effectively paid and declared by the farmer in the previous year, including taxes and social contributions related to employment, from the total amount of direct payments initially due to the farmer without taking into account the payments to be granted pursuant to Chapter 2 of Title III of this Regulation. *Where no data is available on the salaries effectively paid and declared by the farmer in the previous year, the most recent data available shall be used.*
3. 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 artificially created the conditions to avoid the effects of this Article~~ *that decide to grant a redistributive payment to farmers pursuant to Chapter 1a of Title III of this Regulation and to use more than [...] % of the annual national ceiling set out in Annex II for that purpose may decide not to apply this Article.*

4. *No advantage by means of avoiding progressive reductions and/or capping of the payment shall be granted in favour of farmers in respect of whom it is established that, as from 19 October 2011, they artificially created the conditions to avoid the effects of this Article.*
5. *Member States shall notify the Commission by 1 August 2014 of the decisions taken in accordance with the first paragraph and the estimated product of progressive reductions and, where relevant, capping for the years 2015 to 2019.]*

Article 14

Flexibility between pillars

1. (...)
2. [Before 1 August 2013, *Member States not using the possibility under paragraph 1 may decide to make available as direct payments under this Regulation up to [15 %] or, in the case of* Bulgaria, Estonia, Finland, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United-Kingdom, ~~may decide to make available as direct payments under this Regulation~~ up to [25 %] of the amount allocated to support for measures under rural development programming financed under the EAFRD in the period 2015-2020 as specified under Regulation (EU) No [...] [RDR].] As a result, the corresponding amount shall no longer be available for support measures under rural development programming.

(...)

Article 21

First allocation of payment entitlements

1. (...)

2. (...)

By way of derogation from the first subparagraph a Member State may decide that the number of payment entitlements shall be equal to either the number of eligible hectares which the farmer declared in accordance with Article 34(2) of Regulation (EC) No 73/2009 in 2013, or the number of hectares referred to in the first subparagraph, whatever number is the lowest. For Croatia, this possibility shall apply without prejudice to the demined hectares that are to be allocated entitlements in accordance with Article 17(b)(4).

Member States may however apply one or more of the following limitations upon the number of payment entitlements to be allocated:

[(a) Where the total number of eligible hectares referred to in the first sub-paragraph declared in a Member State entails an increase of more than 35% of the total number of eligible hectares declared in accordance with Article 35 of Regulation (EC) No 73/2009 in 2009, or in the case of Croatia in 2013, Member States may limit the number of payment entitlements to be allocated in 2015 to either 135% or 145% of the total number of hectares declared in 2009, or in the case of Croatia the total number of eligible hectares declared in 2013, in accordance with Article 35 of Regulation (EC) No 73/2009.

When using this option, Member States shall allocate a reduced number of payment entitlements to farmers that shall be calculated by applying a proportional reduction to the additional number of eligible hectares declared by each farmer in 2015 compared to the number of eligible hectares within the meaning of Article 34(2) of Regulation (EC) No 73/2009 he indicated in his aid application in 2011, or in the case of Croatia in 2013, without prejudice to the demined hectares for which payment entitlements are to be allocated in accordance with Article 17(b)(4).]

(....)

2a-4. (....)

Article 22

Value of payment entitlements and convergence

1. *In 2015, Member States shall calculate, for each relevant year, the unit value of payment entitlements by dividing a fixed percentage of the national ceiling referred to in Annex II by the number of payment entitlements in 2015 at national or regional level, excluding those allocated from the national or regional reserve in 2015.*

The fixed percentage referred to in the previous sub-paragraph is shall be calculated by dividing the national or regional ceiling established for 2015 in accordance with under Articles 19 or 20, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the national ceiling referred to in Annex II for 2015. The number of payment entitlements allocated at national or regional level according to Article 21(2) for 2014 shall be expressed in a number that corresponds to the number of hectares.

2. *By way of derogation from the calculation method referred to in the first paragraph, Member States which applied the single payment scheme as provided for in Regulation (EC) No 73/2009, may differentiate limit the calculation of the unit value of payment entitlements provided for in 2015, excluding those allocated from paragraph 1 to an amount corresponding to no less than 40 % of the national or regional reserve in 2015, for each relevant year on the basis of their initial unit value ceiling established under Articles 19 or 20, after application of the linear reduction provided for in Article 23(1).*

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. 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.

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.

For the purpose of the first sub-paragraph, 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.

The initial unit value of payment entitlements as referred to in paragraph 2 shall be set in accordance with either of the following methods:

(a) by dividing a fixed percentage of the payments the farmer received in 2014 under the single payment scheme, in accordance with Regulation (EC) No 73/2009, before reductions and exclusions provided for in Chapter 4 of Title II of that Regulation, by the number of his payment entitlements in 2015, excluding those allocated from the national or regional reserve in 2015. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) of this Regulation for the year 2015, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the amount of the payments in 2014 under the single payment scheme, before reductions and exclusion.

(b) by dividing a fixed percentage of the value of the entitlements, including special entitlements, which the farmer held on the date of submission of his application for 2014 under the single payment scheme, in accordance with Regulation (EC) No 73/2009, by the number of his payment entitlements in 2015, excluding those allocated from the national or regional reserve in 2015. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) of this Regulation for the year 2015, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the total value of all entitlements, including special entitlements, in the Member State for 2014, under the single payment scheme. For the purpose of point (b), a farmer is considered to hold payment entitlements on the date of submission of his application for 2014 where payment entitlements were allocated or definitively transferred to him by that date.

(c) by dividing a fixed percentage of the total value of aid received by the farmer for 2014 under the single area payment scheme in accordance with Regulation (EC) No 73/2009 and under Articles 132, 133 and 133a of Regulation (EC) No 73/2009 before reductions and exclusions provided for in Chapter 4 of Title II of that Regulation, by the number of payment entitlements he is allocated in 2015, excluding those allocated from the national or regional reserve in 2015. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) of this Regulation for the year 2015, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the total value of aid granted under the single area payment scheme and under Articles 132, 133 and 133a of Council Regulation (EC) No 73/2009 for 2014 within the Member State or region concerned, before reductions and exclusion.

d) Member States which, in accordance with Article 18(3), decide to keep their existing payment entitlements shall calculate the initial unit value of a payment entitlement by multiplying the value of the entitlements by a fixed percentage. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) of this Regulation for the year 2015, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the amount of the payments in 2014, under the single payment scheme before reductions and exclusions.

For the purposes of the calculations in points a), b) and c) of the previous sub-paragraph, provided that they have decided not to apply the voluntary coupled support pursuant to Title IV of this Regulation to the relevant sectors, Member States may also take into account the support granted for calendar year 2014 pursuant to Articles 52, 53(1), and 68(1)(b) of Regulation (EC) No 73/2009, and, only for the Member States 68(1)(a) which applied the single area payment scheme as provided for in Regulation (EC) No 73/2009, pursuant to Articles 68(1)(c), 126, 127 and 129 of Regulation (EC) No 73/2009.

However, if a Member State has decided to apply the voluntary coupled support pursuant to Title IV of this Regulation, such Member State may take into account the differences between the level of support granted in calendar year 2014 and the level of support to be

granted in accordance with Title IV of this Regulation for the calculation of the increase referred to in points a), b) and c) of the first sub-paragraph, provided that:

(i) the voluntary coupled support pursuant to Title IV of this Regulation is applied to a sector which has been granted support in calendar year 2014 pursuant to Articles 52, 53(1), 68(1)(a) and 68(1)(b), and, only for Member States which applied the single area payment scheme, pursuant to Article 68(1)(c), 126, 127 and 129 of Regulation (EC) No 73/2009, and

(ii) the amount per unit of this support is reduced as compared to the amount per unit of the support in 2014.

4. For the purposes of paragraphs **3 and 5a** a Member State may, on the basis of objective criteria, provide that, in cases of sale or grant or expiry of all or part of a lease of agricultural areas after the date fixed pursuant to Article 35 **or Article 124(2)** of Regulation (EC) No 73/2009 and before the date fixed pursuant to Article 26 of this Regulation, the increase, or part of the increase, in the value of payment entitlements that would be allocated to the farmer concerned shall revert to the national **or regional** reserve where the increase would lead to a windfall profit for the farmer concerned.

Those objective criteria shall be established in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions and shall include, at least, the following:

- (a) a minimum duration for the lease;
 - (b) the proportion of the payment received which shall revert to the national **or regional** reserve.
5. 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.

5a. By way of derogation from paragraph 5, a Member State may decide that payment entitlements whose initial unit value as calculated in accordance with paragraph 3 is lower than 90 % of the national or regional unit value in 2019 shall have, for claim year 2019 at the latest, their unit value increased at least by one third of the difference between their initial unit value and 90 % of the national or regional unit value in 2019.

Additionally, Member States shall provide that, at the latest for claim year 2019, no payment entitlement shall have a unit value lower than 60% of the national or regional unit value in 2019, unless this results in a maximum decrease above the % threshold referred to in the last sub-paragraph of this paragraph in the Member States applying that threshold. In this case, the minimum unit value shall be set at a level necessary to respect that threshold.

The national or regional unit value in 2019 as referred to in the first and the second sub-paragraphs shall be calculated by dividing a fixed percentage of the national ceiling as set out in Annex II, or of the regional ceiling, for calendar year 2019, by the number of payment entitlements in 2015, excluding those allocated from the national or regional reserve in 2015. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) for the year 2015, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the national or regional ceiling as set out in Annex II for 2015.

The regional ceilings referred to in the previous sub-paragraph shall be calculated by applying a fixed percentage to the national ceiling as set out in Annex II for the year 2019. That fixed percentage shall be calculated by dividing the respective regional ceilings, as established in accordance with Article 20(2), by the ceiling to be determined in accordance with Article 19(1) for the year 2015, after application of the linear reduction provided for in Article 23(1) in case of application of the second sub-paragraph of Article 20(2).

In order to finance the increases in the value of payment entitlements referred to in this paragraph, the payment entitlements having an initial unit value higher than the national or regional unit value in 2019 shall have the difference between their initial unit value and the national or regional unit value in 2019 decreased on the basis of objective and non-discriminative criteria to be determined by Member States. Such criteria may include the fixing of a maximum decrease of the initial unit value of 30%.

6. *When applying paragraphs 2 and 3, Member States, acting in compliance with the general principles of Union law, shall move towards approximating the value of the payment entitlements at national or regional level. To this end, Member States shall fix the steps to be taken by 1 August 2013. Those steps shall include annual progressive modifications of the payment entitlements in accordance with objective and non-discriminatory criteria the move from the initial unit value of payment entitlements as established in accordance with paragraph 3 and their final unit value in 2019 as established in accordance with paragraphs 5 or 5a shall be made in equal steps starting from 2015.*

In 2015, Member States shall inform the farmers of the value of their payment entitlements as calculated in accordance with this Article for each year of the period covered by this Regulation.

The steps referred to in the first sub-paragraph shall be notified to the Commission by the date referred to in that sub-paragraph.

Article 23

Establishment and use of the national reserve

5. Member States may use the national *or regional* reserve to:
- (a) (...)
 - [(aa) allocate payment entitlements to farmers who were prevented from being allocated payment entitlements under this Chapter as a result of force majeure or exceptional circumstances;]*
 - (ab) deleted**
 - (ac)-(c) (...)*

 - (...)

Article 28

Delegated powers

In order to ensure legal certainty and to clarify the specific situations that may arise in the application of the basic payment scheme, ~~t~~The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning:

- (a)-(d) (...)
- (e) *criteria for applying options under points a), b) and c) of Article 21(1);*
- (ea) criteria for applying limitations upon the number of payment entitlements to be allocated referred to in Article 21(2);*
- (f)-(h) (...)

Article 28c

Single area payment scheme

1. *Member States applying in the year 2014 the single area payment scheme laid down in Chapter 2 of Title V of Regulation (EC) No 73/2009 may under the conditions set out in this Regulation continue the application of that scheme until 31 December 2020 at the latest. They shall notify to the Commission by 1 August 2014 their decision and the end date of such application.*

(...)

- 1a. (...)

- 1b. By way of derogation of paragraph 1a, Member States that decide to apply Article 28d as from 1 January 2018 at the latest may use, for the period during which they apply this Article, up to 20% of the annual financial envelope referred to in paragraph 1a to differentiate the single area payment per hectare.***

In order to differentiate the single area payment per hectare, Member States shall take into account the support granted pursuant to Article 68(1)a), 68(1)(b), 68(1)(c), 126, 127 and 129 of Regulation (EC) No 73/2009 in the year 2014.

(...)

2. -4. (...)

Article 28ca
Transitional National Aid

1.-3. (...)

4. *The total amount of aid that may be granted to farmers in any of the sectors referred to in paragraph 2 shall be limited by the following percentage of the sectoral financial envelopes as authorised by the Commission according to Articles 132(7) or 133a(5) of Council Regulation 73/2009 in 2013:*

- *75% in 2015*
- *70% in 2016*
- *65% in 2017*
- *60% in 2018*
- *55% in 2019*
- *50% in 2020*

(...)

5.-7. (...)

Article 28f

Value of payment entitlements

1. In the first year of implementation of the basic payment scheme, Member States shall calculate for each relevant year the unit value of payment entitlements by dividing a fixed percentage of the national ceiling referred to in Annex II by the number of payment entitlements in the first year of implementation of the basic payment scheme, excluding those allocated from the national or regional reserve.

The fixed percentage referred to in the previous sub-paragraph is calculated by dividing the national or regional ceiling established for the first year of implementation of the basic payment scheme in accordance with Articles 19 or 20, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the national ceiling referred to in Annex II for the first year of implementation of the basic payment scheme. The number of payment entitlements shall be expressed in a number that corresponds to the number of hectares.

- 2. By way of derogation from the calculation method referred to in the first paragraph, Member States may differentiate the value of payment entitlements in the first year of implementation of the basic payment scheme, excluding those allocated from the national or regional reserve, for each relevant year, on the basis of their initial unit value.*
- 3. The initial unit value of payment entitlements as referred to in paragraph 2 shall be set by dividing a fixed percentage of the total value of aid, excluding aids pursuant to Articles 28a, 29, 34, 36, and Title IV, received by that farmer in accordance with this Regulation in the calendar years immediately preceding transition to the basic payment scheme before reductions and exclusions provided for in Regulation (EU) No [...] [HZR], by the number of payment entitlements he is allocated in the first year of implementation of the basic payment scheme, excluding those allocated from the national or regional reserve. That fixed percentage shall be calculated by dividing the ceiling of the basic payment scheme to be set in accordance with Article 19(1) or Article 20(2) of this Regulation for the first year of implementation of the basic payment scheme, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the total value of aid, excluding aids pursuant to Articles 28a, 29, 34, 36, and Title IV for the first year of implementation of the basic payment scheme within the Member State or region concerned, before reductions and exclusion.*

4. ***When applying paragraph 2 Member States, acting in compliance with the general principles of Union law, shall move towards approximating the value of the payment entitlements at national or regional level. To this end, Member States shall fix the steps to be taken and the method of calculation to be used and notify them to the Commission by 1 August of the year preceding the transition to the basic payment scheme. Those steps shall include annual progressive modifications of the initial value of payment entitlements as referred to in paragraph 3 in accordance with objective and non-discriminatory criteria, starting from the first year of implementation of the basic payment scheme. In the first year of implementation of the basic payment scheme, Member States shall inform the farmers of the value of their entitlements as calculated in accordance with this Article for each year of the period covered by this Regulation.***

Article 29

General rules

1. (...)
- 1b. (...) ***The equivalent practices referred to in this paragraph shall not be the subject of double funding.***
- 1c.-1e. (...)
2. (...)

By way of derogation from the second sub-paragraph, Member States deciding to apply paragraph 2 and/or paragraph 5a of Article 22 may decide to grant the payment referred to in paragraph 1 of this Article as a percentage of the total value of the entitlements that the farmer has activated in accordance with Article 26(1) for each relevant year.

For each year and each Member State or region, the percentage referred to in the previous sub-paragraph shall be calculated by dividing the amount resulting from the application of Article 33, by the total value of all payment entitlements activated in accordance with Article 26(1) in that Member State or region.

- 3.-6. (...)

Article 31

Permanent grassland

1. (...)

2. *Member States shall ensure that the ratio of the land under permanent grassland as referred to in Article 4(1)(h) in relation to the total agricultural area declared by the farmers in accordance with Article 73(1) of Regulation (EU) No [...] [HZR] does not decrease by more than 5% compared to the reference ratio established pursuant to the following sub-paragraph. This obligation shall apply at national, regional or appropriate sub-regional level. Member States may decide to apply an obligation to maintain permanent grassland at holding level in order to ensure that the permanent grassland ratio does not decrease by more than 5%. Member States shall notify any such decision by 31 July 2014 to the Commission.*

(...)

2a.-4. (...)

Article 32

Ecological Focus Area

1. *Where the arable land of a holding covers more than 15 hectares, farmers shall ensure that as from 1 January 2015, an area corresponding to at least 7 5% of the arable land of the holding the farmer declared in accordance with Article 73(1) of Regulation (EU) No [...] [HZR] their eligible hectares as defined in Article 25(2), excluding areas under permanent grassland and including the areas mentioned in points (c) and (d) of the third sub-paragraph is ecological focus area. such as*

The threshold referred to in the first subparagraph shall be increased from 5% to 7% subject to a legislative act of the European Parliament and the Council in accordance with Article 43(2) of the Treaty.

By 31 March 2017, the Commission shall present an evaluation report on the implementation of the first sub-paragraph accompanied if appropriate by a proposal for a legislative act as referred to in the second subparagraph.

Member States shall by [...] decide that one or more of the following shall be considered as ecological focus area:

- (a) land ~~left~~ laying fallow;*
- (b) terraces;*
- (c) landscape features, including such features adjacent to eligible agricultural area covered by arable land; by way of derogation from Article 29(1), these may include landscape features that are not included in the eligible area in accordance with Article 77(2)(b) of Regulation (EU) No [...] [HZR].*
- (d) buffer strips, including buffer strips covered by permanent grassland provided these are distinct from adjacent eligible agricultural area; ~~and~~*
- (e) hectares of agro-forestry that receive support under Article 44 of Regulation (EU) No 1698/2005 and/or Article 24 of Regulation (EU) No [...] [RDR] or that has received support under these provisions;*
- (g) strips of eligible hectares along forest edges;*
- (j) areas with short rotation coppice with no use of mineral fertilizer and/or plant protection products;*
- (k) afforested areas as referred to in Article 25(2)(b)(ii);*
- (l) areas with catch crops or green cover subject to the application of weighting factors referred to in paragraph 1a;*
- (m) areas with nitrogen fixing crop.*

The ecological focus area shall be located on the arable area of the holding, or in case of areas mentioned in the third subparagraph, points (c) and (d), adjacent to the arable land of the holding the farmer declared in accordance with Article 73(1) of Regulation (EU) No [...] [HZR].

- 1a. In order to simplify the administration and in order to take account of the specificities of the types of ecological focus area listed in paragraph 1 and to facilitate their measurement Member States may, when calculating the total hectares represented by the ecological focus area of the holding, make use of the conversion factors set out in Annex [X]. In case a Member State decides to consider as ecological focus area point (l) of this paragraph or any other area that is subject to a conversion of less than 1, the use of the weighting factors set out in Annex [X] shall be mandatory .*
- 1b. Paragraph 1 shall not apply to any of the following*
- (a) holdings where more than 75% of the eligible agricultural area is permanent grassland, used for the production of grasses or other herbaceous forage as referred to in Article 4(i) or cultivated with crops either under water for a significant part of the year or for a significant part of the crop cycle or a combination of those uses provided the arable area not covered by these uses does not exceed 30 hectares;*
 - (b) holdings where more than 75% of the arable land of the holding is entirely used for production of grass or other herbaceous forage, land laying fallow, cultivated with leguminous crops, or subject to a combination of these uses provided the arable area not covered by these uses does not exceed 30 hectares.*
- 1ba. By way of derogation from paragraph 1, Member States may decide to implement up to 50% of the percentage points of the ecological focus area referred to in paragraph 1 at regional level in order to obtain adjacent ecological focus areas. Member States shall designate the areas and the obligations for farmers or groups of farmers participating. The aim of the designation and obligations shall be to underpin the implementation of Union policies on the environment, climate and biodiversity.*
- 1c. Member States may decide to permit farmers whose holdings are in close proximity to fulfil the obligation referred to in paragraph 1 on the basis of collective implementation provided that the ecological focus areas concerned are contiguous. In order to underpin the implementation of Union policies on the environment, climate and biodiversity, Member States may designate the areas on which collective implementation is possible and may also impose further obligations upon farmers or groups of farmers participating in such collective implementation.*

Each farmer participating in such collective implementation shall ensure that at least 50% of the area referred to in paragraph 1 is located on or adjacent to the eligible agricultural parcels he declared in accordance with Article 73(1) of Regulation (EU) No [...] [HZR], excluding permanent grassland and permanent crops. The number of farmers participating in such collective implementation shall not exceed 10.

- 1d. **Those Member States where more than 50% of the total land surface area is covered by forests** may decide that paragraph 1 shall not apply to holdings situated in areas designated by Member States as areas facing natural constraints in accordance with Article 33(1)(a) or (b) of Regulation (EU) No [RDR], provided that more than 50% of the land surface area of the unit referred to in the second subparagraph below is covered by forest and the ratio of forest land to agricultural land is higher than 3:1.*

The area under forest and the forest ratio shall be assessed on an area level equivalent to the LAU2 level or on the level of a clearly delineated unit which covers a single clear contiguous geographical area having similar agricultural conditions.

- 2. The Commission shall be empowered to adopt delegated acts in accordance with Article 55:*
- (a) laying down further criteria for the types of areas referred to in paragraph 1 of this Article to qualify as ecological focus areas;*
 - (b) adding other types to further define the types of ecological focus areas than those referred to in paragraph 1 of this Article and to add and define other types of ecological focus areas that can be taken into account for the in order to respect of the percentage referred to in that paragraph;*
 - (c) establish the conversion factors referred to in paragraph 1a and in order to take into account the criteria and/or types of areas to be defined by the Commission under points (a) and (b) of this paragraph;*
 - (d) deleted*
 - (e) setting rules for the establishment of the collective implementation referred to in paragraph 1c, including the minimum requirements of such implementation;*

- (f) *establishing the framework within which Member States shall define the criteria to be met by holdings to be considered to be in close proximity for the purposes of paragraph 1c.;*
- (g) *establishing the methods for determination of the ratio of forest to agricultural land in paragraph 1(d).*

/Recital

Where adding other types of ecological focus area, the Commission shall ensure that they aim at improving the general environmental performance of the holding, in particular as concerns biodiversity, improvement of soil and water quality, landscape and meeting the climate change mitigation and adaptation objectives.

CHAPTER 4

Payment for young farmers

Article 36

General rules

1. Member States shall grant an annual payment to young farmers who are entitled to a payment under the basic payment scheme *or the single area payment scheme* referred to in Chapter 1.

- 2.-7. (...)

TITLE IV
COUPLED SUPPORT
CHAPTER 1
Voluntary coupled support

Article 38

General rules

1. (...)

[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.-7. (...)

Article 39

Financial provisions

1. In order to finance the voluntary coupled support, Member States may decide, by 1 August of the year preceding the first year of implementation of such support, to use up to [8]% of their annual national ceiling set out in Annex II.

2. [By way of derogation from paragraph 1, Member States may decide to use up to **[13]**% of the annual national ceiling set out in Annex II, provided that:
- (a) they applied, until 31 December ~~2013~~ **2014**, the single area payment scheme as laid down in Title V of Regulation (EC) No 73/2009, or financed measures under Article 111 of that Regulation, or are concerned by the derogation provided for in Article 69(5), or, in the case of Malta, in Article 69(1) of that Regulation; and/or
 - (b) they allocated, during at least one year in the period 2010-~~2013~~ **2014**, more than 5 % of their amount available for granting the direct payments provided for in Titles III, IV and V of Regulation (EC) No 73/2009, with the exception of Section 6 of Chapter 1 of Title IV, for financing the measures laid down in Section 2 of Chapter 2 of Title III of Regulation (EC) No 73/2009, the support provided for in *subpoints* (i) to (iv) of ~~paragraph 1~~ **point** (a) and ~~paragraphs 1~~ **in points** (b) and (e) of Article 68(**I**) of that Regulation, or the measures under Chapter 1, with the exception of Section 6, of Title IV of that Regulation.

2a. The percentage of the national ceiling referred to in paragraphs 1 and 2 may be increase by two percentage points for those Member States which decide to use at least 2% of their national ceiling as defined in Annex II in order to support the production of protein crops under this Chapter.

3. By way of derogation from paragraph 2, Member States having allocated during at least one year in the period 2010-~~2013~~ **2014** more than 10 % of their amount available for granting the direct payments provided for in Titles III, IV and V of Regulation (EC) No 73/2009, with the exception of Section 6 of Chapter 1 of Title IV, for financing the measures laid down in Section 2 of Chapter 2 of Title III of Regulation (EC) No 73/2009, the support provided for in *subpoints* (i) to (iv) of ~~paragraph 1~~ **point** (a) and ~~paragraphs 1~~ **in points** (b) and (e) of Article 68(**I**) of that Regulation, or the measures under Chapter 1, with the exception of Section 6, of Title IV of that Regulation may decide to use more than **[13]**% of the annual national ceiling set out in Annex II upon approval by the Commission in accordance with Article 41 **of this Regulation**.

3a.-4. (...)

5. On the basis of the decision taken by each Member State pursuant to paragraphs 1 to 4 on the proportion of the national ceiling to be used, the Commission shall, by means of implementing acts, fix the corresponding ceilings for the support on a yearly basis. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

Article 41

Approval by the Commission

1. The Commission shall, by means of ~~an~~ implementing acts ***adopted without applying the procedure referred to in Article 56(2) or (3)***, approve the decision referred to in Article 39(3), or, where appropriate, in Article 39(4)(a), where one of the following needs in the region or sector concerned is demonstrated:

(a)-(d) (...)

2. The Commission shall, by means of implementing acts, adopt rules on the procedure for the assessment and approval of decisions referred to in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

Article 44

Base areas, fixed yields and reference amounts

1.- 2. (...)

3. The amount of the crop specific payment per hectare of eligible area shall be established by multiplying the yields established in paragraph 2 with the following reference amounts:

- Bulgaria: EUR [**520,20**] in 2014; EUR [**584,88**] in 2015; and EUR [**649,45**] for 2016 and onwards
- Greece: EUR [**234,18**]
- Spain: EUR [**362,15**]
- Portugal: EUR [**228,00**]

4.-6. (...)

TITLE V
Small farmers scheme

Article 47

General rules

1. *Member States may establish a scheme for small farmers in accordance with the conditions laid down in this Title (hereinafter referred to as 'small farmers scheme').*
Farmers holding payment entitlements *or, in Member States applying Article 28c, claiming for the single area payment scheme in 2015 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 this scheme under the conditions laid down in this Title, (hereinafter referred to as 'small farmers scheme')~~.

2. (...)

The first sub-paragraph does not apply where a Member State opts for the payment method laid down in Article 49(2)(a). In that case, the payment shall be conditional upon the respective conditions laid down in Titles III and IV, without prejudice to paragraph 3 of this Article.

- 3.- 4. (...)

Article 49

Amount of the payment

1. (...)

2. *By way of derogation from paragraph 1, Member States may decide to grant participating farmers:*

(a) (...)

(b) an amount equal to the total value of the payments to be allocated to the farmer in 2015 under Titles III and IV of this Regulation that Member states may adjust in subsequent years to proportionately take into account the changes in the national ceiling set in Annex II.

(...)

Article 51

Financial provisions

1. (...)

Except where the Member State has opted for setting the amount of the annual payment pursuant to Article 49(2)(a), the elements on the basis of which the amounts referred to in the first sub-paragraph are established shall remain the same for the entire duration of the participation of the farmer in the scheme.

2. (...)

Article 54

Measures to resolve specific problems

1.-2. (...)

3. *Measures adopted under paragraph 1 or 2 shall remain in force for a period not exceeding twelve months. If after this period the said specific problem persist, the Commission may, in order to establish a permanent solution, present appropriate legislative proposals.*

4. (...)

Article 56

Committee procedure

1. (...)

2. (...)

In the case of acts referred to in [Articles 21(4), 24(2) and 53(3)], where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third sub-paragraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.

3. (...)

CHAPTER 3
Transitional and final provisions

Article 57

Repeals

1. Regulation (EC) No 637/2008 is repealed *[with effect from 1 January 2014]*.
However, it continues to apply until 31 December 2017 in respect of Member States which have exercised the option laid down in the second sub-paragraph of Article 4(1) of that Regulation.
2. Regulation (EC) No 73/2009 is repealed *[with effect from 1 January 2014]*.
(...)
3. (...)

ANNEXES

Annexes II and III
[to be completed at a later stage]

Annex V
[to be completed at a later stage]

LIST OF AEC COMMITMENTS EQUIVALENT TO GREENING MEASURES BASED ON PRACTICES

1. For crop diversification:

Equivalent AEC commitments:

- Currently existing/found in RDPs:

➤ *Crop diversification*

Requirement: at least 3 crops, maximum 70% for the main crop, and

- *with at least 4 crops, or*
- *with lower maximum thresholds, or*
- *with a more appropriate selection of crops (leguminous, protein crops; crops not requiring irrigation or pesticide treatments...)*

➤ *Crop rotation*

Requirement: at least 3 crops, maximum 70% for the main crop, and

- *with a more environmentally beneficial multiannual sequence of crops and/or fallow, or*
- *With at least 4 crops*

➤ *Winter soil cover (*)*

➤ *Catch crops (*)*

- Currently not existing, but theoretically possible:

➤ *Crop diversification*

Requirement: at least 3 crops, maximum 70% for the main crop, and including regional varieties of old /traditional/endangered crop types (on at least 5% of the rotated area)

2. For permanent grassland:

Equivalent AEC commitments (all currently existing/found in RDPs):

➤ *Management of meadows/ pastures*

Requirement: maintenance of permanent grassland

Commitments such as:

- *Cutting regime/appropriate mowing (dates, methods, limits)*
- *Maintenance of landscape features on permanent pasture and control of scrub*
- *Specified grass varieties and/ or seeding regime for renewal depending on the grassland type (no destruction of high nature value)*
- *Evacuation of forage/ hay*
- *Appropriate management for steep slopes*
- *Fertiliser regime*
- *Pesticide restrictions*

➤ *Extensive grazing systems*

Requirement: maintenance of permanent grassland

Commitments such as:

- *Extensive grazing (timing, maximum stocking density)*
- *Shepherding/ mountain pastoralism*
- *Using local/traditional breeds for grazing the pasture*

3. For EFA:

Requirement: applied on at least 7 % of holding area except permanent grassland.

Equivalent AEC commitments (all currently existing/found in RDPs):

- *Ecological set-aside*
- *Creation of "buffer zones" for high nature value areas, Natura 2000 or other biodiversity protection sites, including along hedgerows and water courses*
- *Management of uncultivated buffer strips and field margins (cutting regime, local/specified grass varieties and/ or seeding regime, re-seeding with regional varieties, no use of pesticides, no disposal of manure and/or mineral fertilizers), no irrigation, no soil sealing*

- *Borders, in-field strips and patches managed for wildlife/ specific fauna (herbaceous border, protection of nests, wildflower strips, local seed mix, unharvested crops)*
- *Management (pruning, trimming, dates, methods, restoration) of landscape features (trees, hedgerows, riparian woody vegetation, stone walls (terraces), ditches, ponds)*
- ~~➤ *Management of traditional orchards (extensive, traditional local varieties, with conditions on the maximum number of trees per hectare).*~~
- *Keeping arable peaty/ wet soils under grass (with no use of fertilisers and no use of plant protection products)*
- *Production on arable land with no use of fertiliser (mineral fertiliser and manure) and/or plant protection products, and not irrigated, not sown with the same crop two years in a row and on a fixed place (*)*
- ~~➤ *Specific management in olive groves and vineyards (with conditions regarding wildlife habitats or implementation of crop specific integrated pest management, combined with soil cover) (*)*~~
- ~~➤ *Specific management of permanent crops with soil cover and no use of plant protection products*~~
- *Conversion of arable land ~~or permanent crops~~ into permanent pasture extensively used*

() The Commission shall be empowered to adopt delegated acts in accordance with Article 55 in order to determine for this commitment the method to be applied by the Member States for establishing the amount referred to in Article 29 paragraph 6 of Regulation (EU) [RDR].*

ANNEX I

EFA CONVERSION MATRIX

Features	Conversion factor	EFA area
Land laying fallow		
Terraces		
Landscape features		
Buffer strips		
Hectares of agro-forestry		
[Strips of eligible hectares along forest edges]		
[Areas with short rotation coppice]		
Afforested areas as referred to in Article 25(2)(b)(ii)		
Areas with catch crops or green cover		
Areas with nitrogen fixing crops		

/

SCMO

Article 13

Buying-in at a fixed price or tendering

1. Where public intervention is open pursuant to point (a) of Article 12(1), buying-in shall be carried out at **a the** fixed price **set in Article 14(2)**, within the following limits for each period referred to in Article 11:
 - (a) for common wheat, 3 million tonnes;
 - (b) for butter, [~~30-00050 000~~]¹ tonnes;
 - (c) for skimmed milk powder, 109 000 tonnes.

2. [To be completed]

CHAPTER II

AID SCHEMES

SECTION 1

SCHEMES TO IMPROVE ACCESS TO FOOD

Article 31

Operational programmes

1. Operational programmes in the fruit and vegetables sector shall have **a minimum duration of three years and a maximum duration of five years. They shall have** at least two of the objectives referred to in Article 106(1) (c) or **two of** the following objectives:
 - (a) planning of production, **including production and consumption forecasting and follow-up;**
 - (b) improvement of product quality, **whether in a fresh or processed form;**
 - (c) boosting products' commercial value;
 - (d) promotion of the products, whether in a fresh or processed form;

¹ Subject to an overall agreement on the dairy sector.

- (e) environmental measures, *particularly those relating to water*, and methods of production respecting the environment, including organic farming;
- (f) crisis prevention and management.

Operational programmes shall be submitted to the Member States for their approval.

1a.-4.[...]

PART II, TITLE I

CHAPTER III

Scheme of authorisations for new vine plantings

SECTION 1

Management of the scheme of authorisations for new vine plantings

Article 54b

Safeguard mechanism for new plantings

1. ***Member States shall make available each year authorisations for new plantings corresponding to 1% of the total area actually planted with vines in their territory, as measured on 31 July of the previous year.***

2. [...]

Article 54e

Replantings

1. ***Member States shall grant an authorisation automatically to producers who have grubbed up an area planted with vines as from 1 January 2016 and submit an application. Such authorisation shall correspond to the equivalent of that area in terms of pure crop. The areas covered by such authorisations shall not be counted for the purposes of Article 54b.***

- 2.-4. [...]

Article 54f

Duration

The scheme of authorisations for vine plantings established in this Chapter shall apply between 1 January 2016 and 31 December 2030 with a mid-term review to be undertaken by the Commission to evaluate the operation of the scheme and if appropriate make proposals.

Article 54h
Transitional provisions

1. *Planting rights granted to producers in accordance with Article 85h, Article 85i or Article 85k of Regulation (EC) No 1234/2007 before 31 December 2015, which have not been used by those producers and are still valid by that date, may be converted into authorisations under this Chapter as from 1 January 2016.*

Such conversion shall take place upon request to be submitted by those producers before 31 December 2015. Member States may decide to allow producers to convert rights into authorisations up to 2020.

2. *Authorisations granted pursuant to paragraph 1 shall have the same period of validity as the planting rights referred to in paragraph 1. If these authorisations are not used, they expire at the latest by 31 December 2018, or up to 2023 if Member States have taken a decision under paragraph 1.*

3. [...]

Article 54i
Delegated powers

The Commission shall be empowered to adopt delegated acts in accordance with Article 160 on:

(a)-(d) [...]

(e) The grounds for Member State decisions under Article 54e(3).

SECTION 2

Control of the scheme of authorisations for new vine plantings

Article 54k

Non-authorised plantings

1.-3. [...]

4. *Member States shall communicate to the Commission by 1 March each year the total size of the areas ascertained as planted with vines without an authorisation after **1 January 2016**, as well as the areas grubbed-up in accordance with paragraphs 1 and 2.*

5-6. [...]

Relationship with trade marks

1. ~~Where~~ *The registration of a trade mark which contains or consists of a protected designation of origin or a geographical indication is protected under this Regulation, the registration of a trade mark or the use of which falls under Article 80(2) and relating to a product falling under one of the categories listed in Part II of Annex VI shall be:*

(a) refused if the application for registration of the trade mark is submitted after the date of submission of the application for protection of the designation of origin or geographical indication to the Commission and the designation of origin or geographical indication is subsequently protected, *or*

(b) *invalidated.*

~~Trade marks registered in breach of the first subparagraph shall be invalidated.~~

2. [...]

Article 101

Sugar sector agreements

1.-2. [...]

3. *From 1 October [2017], such agreements shall conform to the purchase terms laid down in Annex IIIe.*

4.-5. [...]

SECTION 2

WINE

SUBSECTION 1

MONITORING PRODUCTION AND MARKETING]

Article 102

Vineyard register and inventory

1. Member States shall maintain a vineyard register which shall contain updated information on the production potential. ***After 1 January 2016 this obligation only applies if Member States implement the scheme of authorisations for new vine plantings or a national support programme.***
2. ***Until 31 December 2015,*** Member States in which the total area planted with vines of wine grape varieties classified according to Article 63(2) is less than 500 hectares shall not be subject to the obligation laid down in paragraph 1 of this Article.
3. Member States, which provide for restructuring and conversion of vineyards in their support programmes in accordance with Article 44, shall, on the basis of the vineyard register, submit to the Commission by 1 March each year an updated inventory of their production potential. ***From 1 January 2016 the details on communications to the Commission regarding wine-growing areas shall be laid out by means of an implementing act adopted in accordance with the examination procedure referred to in Article 162(2).***
4. [...]
5. [deleted]

SUBSECTION 1a
SYSTEM OF PRODUCTION LIMITATION

Articles 103a to 103j

[Falls]

Article 106

Producer organisations

1. [...]

2. ***By way of derogations from paragraph 1, Member States shall recognise producer organisations, constituted by producers in the milk and milk products sector, which:***

(a) are formed on the initiative of the producers;

(b) pursue a specific aim which may include one or more of the following objectives:

(i) ensuring that production is planned and adjusted to demand, particularly in terms of quality and quantity;

(ii) concentration of supply and the placing on the market of the products produced by its members;

(iii) optimising production costs and stabilising producer prices.

Article 106a

Statute of producer organisations

1.-2. [...]

3. [Deleted]

Article 107

Associations of producer organisations

1. [...]

2. ***By way of derogations from paragraph 1, in response to an application, Member States may recognise an association of recognised producer organisations in the milk and milk products sector if the Member State concerned considers that this association is capable of carrying out effectively any of the activities of a recognised producer organisation and that it fulfils the conditions laid down in Article 109c(1).***

Interbranch organisations

1. [...]
2. ~~For interbranch organisations in the olive oil and table olive and tobacco sectors, the specific aim referred to in point (c) of paragraph 1 may also include at least one of the following objectives:~~
 - ~~(a) concentrating and co-ordinating supply and marketing of the produce of the members;~~
 - ~~(b) adapting production and processing jointly to the requirements of the market and improving the product;~~
 - ~~(c) promoting the rationalisation and improvement of production and processing.~~

By way of derogations from paragraph 1, as regards the milk and milk products sector, Member States may recognise interbranch organisations which:

 - (a) have formally requested recognition and are made up of representatives of economic activities linked to the production of raw milk and linked to at least one of the following stages of the supply chain: processing of or trade in, including distribution of, products of the milk and milk products sector;***
 - (b) are formed on the initiative of all or some of the representatives referred to in point (a);***
 - (c) carry out, in one or more regions of the Union, taking into account the interests of the members of those interbranch organisations and of consumers, one or more of the following activities:***
 - (i) improving the knowledge and the transparency of production and the market, including by publication of statistical data on the prices, volumes and durations of contracts for the delivery of raw milk which have been previously concluded, and by providing analyses of potential future market developments at regional, national and international level;***
 - (ii) helping to coordinate better the way the products of the milk and milk products sector are placed on the market, in particular by means of research and market studies;***

- (iii) promoting consumption of, and providing information on, milk and milk products in both internal and external markets;*
- (iv) exploring potential export markets;*
- (v) drawing up standard forms of contract compatible with Union rules for the sale of raw milk to purchasers and/or the supply of processed products to distributors and retailers, taking into account the need to achieve fair competitive conditions and to avoid market distortions;*
- (vi) providing the information and carrying out the research necessary to adjust production in favour of products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality and protection of the environment;*
- (vii) maintaining and developing the production potential of the dairy sector, inter alia, by promoting innovation and supporting programmes for applied research and development in order to exploit the full potential of milk and milk products, especially in order to create value-added products which are more attractive to the consumer;*
- (viii) seeking ways of restricting the use of animal-health products, improving the management of other inputs and enhancing food safety and animal health;*
- (ix) developing methods and instruments for improving product quality at all stages of production and marketing;*
- (x) exploiting the potential of organic farming and protecting and promoting such farming as well as the production of products with designations of origin, quality labels and geographical indications; and*
- (xi) promoting integrated production or other environmentally sound production methods.*

SECTION IA
ADDITIONAL RULES FOR SPECIFIC SECTORS

Article 109c

**Recognition of producer organisations and their associations in the milk
and milk products sector**

- 1. Member States shall recognise as producer organisations in the milk and milk products sector all legal entities or clearly defined parts of legal entities applying for such recognition, provided that:**
 - (a) they meet the requirements laid down in Article 106(2);**
 - (b) they have a minimum number of members and/or cover a minimum volume of marketable production, to be laid down by the Member State concerned, in the area where they operate;**
 - (c) there is sufficient evidence that they can carry out their activities properly, both over time and in terms of effectiveness and concentration of supply;**
 - (d) they have a statute that is consistent with points (a), (b) and (c) of this paragraph.**

- 2. Member States may decide that producer organisations which have been recognised before 2 April 2012 on the basis of national law and which fulfil the conditions laid down in paragraph 1 of this Article are to be considered to be recognised as producer organisations pursuant to Article 106(2).**

- 3. Member States shall:**
 - (a) decide whether to grant a recognition to a producer organisation within four months of the lodging of an application accompanied by all the relevant supporting evidence. This application shall be lodged with the Member State where the organisation has its headquarters;**
 - (b) carry out, at intervals to be determined by them, checks to ascertain that recognised producer organisations and associations of producer organisations are complying with the provisions of this Chapter;**

- (c) in the event of non-compliance or irregularities in the implementation of the measures provided for in this Chapter, impose on those organisations and associations the applicable penalties they have laid down and decide whether, if necessary, recognition should be withdrawn;**
- (d) inform the Commission once a year, and no later than 31 March, of every decision to grant, refuse or withdraw recognition which they have taken during the previous calendar year.**

Article 109e

Recognition of interbranch organisations in the milk and milk products sector

- 1. Member States may recognise interbranch organisations in the milk and milk products sector provided that such organisations:**
 - (a) meet the requirements laid down in Article 108(2);**
 - (b) carry out their activities in one or more regions in the territory concerned;**
 - (c) account for a significant share of the economic activities referred to in point (a) of Article 108(2);**
 - (d) do not themselves engage in the production of, processing of, or the trade in, products in the milk and milk products sector.**
- 2. Member States may decide that interbranch organisations which have been recognised before 2 April 2012 on the basis of national law and which fulfil the conditions laid down in paragraph 1 are to be considered to be recognised as interbranch organisations under Article 108(2).**
- 3. Where Member States make use of the option to recognise an interbranch organisation in accordance with paragraph 1 and/or 2, they shall:**
 - (a) decide whether to grant recognition to the interbranch organisation within four months of the lodging of an application accompanied by all the relevant supporting evidence. This application shall be lodged with the Member State where the organisation has its headquarters;**

- (b) carry out, at intervals to be determined by them, checks to verify that recognised interbranch organisations are complying with the conditions governing their recognition;**
- (c) in the event of non-compliance or irregularities in the implementation of the measures provided for in this Regulation, impose on those organisations the applicable penalties they have laid down and decide whether, if necessary, recognition should be withdrawn;**
- (d) withdraw recognition if:**
 - (i) the requirements and conditions for recognition laid down in this Article are no longer met;**
 - (ii) the interbranch organisation engages in any of the agreements, decisions and concerted practices referred to in Article 145a(4), without prejudice to any other penalties to be imposed pursuant to national law;**
 - (iii) the interbranch organisation fails to comply with the notification obligation referred to in Article 145a(2);**
- (e) inform the Commission once a year, and no later than 31 March, of every decision to grant, refuse or withdraw recognition taken during the previous calendar year.**

SECTION 2
EXTENSION OF RULES AND COMPULSORY CONTRIBUTIONS

Article 110

Extension of rules

1.-4. [...]

5. [deleted]

Article 111

Financial contributions of non-members

Where rules of a recognised producer organisation, a recognised association of producer organisations or a recognised interbranch organisation are extended under Article 110 and the activities covered by those rules are in the general economic interest of **persons economic operators** whose activities relate to the products concerned, the Member State which has granted recognition may decide, *after consultation of the relevant stakeholders*, that individuals **economic operators** or groups which are not members of the organisation but which benefit from those activities shall pay the organisation all or part of the financial contributions paid by its members to the extent that such contributions are intended to cover costs directly incurred as a result of pursuing the activities in question.

[Deleted]

SECTION 3A
CONTRACT SYSTEMS

Article 113a
Contractual Relations

1. *Without prejudice to Articles **104a and 105a** concerning the milk and milk products sector and **Article 101** concerning the sugar sector, if a Member State decides that every delivery in its territory of agricultural products from a sector, other than milk and milk products and sugar, listed in Article 1(2) of this Regulation, by a producer to a processor or distributor must be covered by a written contract between the parties and/or decides that the first purchasers must make a written offer for a contract for the delivery of agricultural products by the producer, such a contract and/or such an offer for a contract shall fulfil the conditions laid down in paragraphs 2 and 4.*

[...]

[Article 113b

Contractual negotiations in the olive oil sector

1. *A producer organisation in the olive oil sector which is recognised under Article 106 and which pursues one or more of the objectives of concentrating supply, the placing on the market of the products produced by its members and optimising production costs, may negotiate on behalf of its members, in respect of part or all of the aggregate production of their members, contracts for the supply of olive oil.*

A producer organisation fulfils the objectives mentioned in this paragraph provided that the pursuit of these objectives leads to the integration of activities and this integration is likely to generate significant efficiencies so that the activities of the producer organisation overall contribute to the fulfilment of the objectives of Article 39 of the Treaty.

This could be realised provided that:

- (a) *the producer organisation carries out at least one of the following activities:*
 - (i) *joint distribution, including joint selling platform or joint transportation;*
 - (ii) *joint packaging, labelling or promotion;*
 - (iii) *joint organising of quality control;*
 - (iv) *joint use of equipment or storage facilities;*
 - (v) *joint processing;*
 - (vi) *joint management of waste directly related to the production of olive oil;*
 - (vii) *joint procurement of inputs.*
 - (b) *These activities are significant in terms of volume of olive oil concerned and in terms of cost of the production and placing of the product on the market.*
2. *The negotiations by the recognised producer organisation may take place:*
 - (a) *whether or not there is a transfer of ownership of the olive oil in question by the producers to the producer organisation;*
 - (b) *whether or not the price negotiated is the same as regards the aggregate production of some or all of the members;*

- (c) provided that, for a particular producer organisation the volume of olive oil production¹ covered by such negotiations which is produced in any particular Member State does not exceed 15 % of the total national production of that Member State;*
- (d) provided that for the volume of olive oil covered by such negotiations, the producer organisation concentrates supply and places the product of its members on the market;*
- (e) provided that the producers concerned are not members of any other producer organisation which also negotiates such contracts on their behalf;*
- (f) provided that the olive oil in question is not covered by an obligation to supply arising from the producer's membership of a cooperative which is not itself member of the concerned producer organisation in accordance with the conditions set out in the cooperative's statutes or the rules and decisions provided for in or derived from these statutes; and*
- (g) provided that the producer organisation notifies the competent authorities of the Member State in which it operates of the volume of olive oil production covered by such negotiations.*

- 3. For the purposes of this Article, references to producer organisations shall also include associations of such producer organisations recognised under Article 107.*
- 4. For the purposes of applying point (c) of paragraph 2, the Commission shall publish, by such means as it considers appropriate, the volume of olive oil production in Member States.*
- 5. By way of derogation from point (c) of paragraph 2, even where the thresholds set out therein are not exceeded, the competition authority referred to in the second subparagraph of this paragraph may decide in an individual case that a particular negotiation by the producer organisation should either be reopened or should not take place at all if it considers that this is necessary in order to prevent competition being excluded or if it finds that the objectives of Article 39 of the Treaty are jeopardised.*

¹ For the purpose of the calculation of this production volume distinctions shall be made between olive oil for human consumption and olive oil for other uses.

For negotiations covering more than one Member State, the decision referred to in the first subparagraph shall be taken by the Commission without applying the procedure referred to in Article 162(2). In other cases, that decision shall be taken by the national competition authority of the Member State to which the negotiations relate.

The decisions referred to in this paragraph shall not apply earlier than the date of their notification to the undertakings concerned.

For the purposes of this Article the definitions in Article 126c (7) of Regulation 1234/2007 [to be updated] shall apply.

6. *The Member States in which negotiations take place in accordance with this Article shall notify the Commission of the application of point (g) of paragraph 2 and paragraph 5.]*

[Article 113c

Contractual negotiations in the beef and veal sector

1. *A producer organisation in the beef and veal sector which is recognised under Article 106 and which pursues one or more of the objectives of concentrating supply, the placing on the market of the products produced by its members and optimising production costs, may negotiate on behalf of its members, in respect of part or all of the aggregate production of their members, contracts for the supply of live cattle of genus *Bos taurus* for slaughter CN ex-0102 29 21, ex-0102 29 41, ex-0102 29 51, ex-0102 29 61, ex-0102 29 91):*
 - (a) *aged less than 12 months; and*
 - (b) *aged from 12 months and older*

A producer organisation fulfils the objectives mentioned in this paragraph provided that the pursuit of these objectives leads to the integration of activities and this integration is likely to generate significant efficiencies so that the activities of the producer organisation overall contribute to the fulfilment of the objectives of Article 39 of the Treaty.

This could be realised provided that:

(a) the producer organisation carries out at least one of the following activities:

(i) Joint distribution, including joint selling platform or joint transportation;

(ii) Joint promotion;

(iii) Joint organising of quality control;

(iv) Joint use of equipment or storage facilities;

(v) Joint management of waste directly related to the production of live cattle;

(vi) Joint procurement of inputs.

(b) These activities are significant in terms of quantity of beef and veal concerned and in terms of cost of the production and placing of the product on the market.

2. The negotiations by the recognised producer organisation may take place:

(a) whether or not there is a transfer of ownership by the farmers to the producer organisation;

(b) whether or not the price negotiated is the same as regards the aggregate production of some or all of the members;

(c) provided that, for a particular producer organisation the quantity of beef and veal production covered by such negotiations which is produced in any particular Member State does not exceed 15 % of the total national production of each product referred to in (a) and (b) of paragraph 1 of that Member State expressed in carcass weight equivalent;

(d) provided that for the quantity of beef and veal covered by such negotiations, the producer organisation concentrates supply and places the product of its members on the market;

(e) provided that the producers concerned are not members of any other producer organisation which also negotiates such contracts on their behalf;

(f) provided that the product in question is not covered by an obligation to supply arising from the producer's membership of a cooperative which is not itself member of the concerned producer organisation in accordance with the conditions set out in the cooperative's statutes or the rules and decisions provided for in or derived from these statutes; and

(g) provided that the producer organisation notifies the competent authorities of the Member State in which it operates of the quantity of beef and veal production covered by such negotiations.

3. For the purposes of this Article, references to producer organisations shall also include associations of such producer organisations recognised under Article 107.

4. For the purposes of applying point (c) of paragraph 2, the Commission shall publish, by such means as it considers appropriate, the quantity of beef and veal production in Member States expressed in carcass weight equivalent.

5. By way of derogation from point (c) of paragraph 2, even where the thresholds set out therein are not exceeded, the competition authority referred to in the second subparagraph of this paragraph may decide in an individual case that a particular negotiation by the producer organisation should either be reopened or should not take place at all if it considers that this is necessary in order to prevent competition being excluded or it finds that the product covered by the negotiations forms part of a separate segment of the market by virtue of the specific characteristics of the product or its intended use and such collective negotiation would cover more than 15% of the national production of such segment, or if it finds that the objectives of Article 39 of the Treaty are jeopardised.

For negotiations covering more than one Member State, the decision referred to in the first subparagraph shall be taken by the Commission without applying the procedure referred to in Article 162(2). In other cases, that decision shall be taken by the national competition authority of the Member State to which the negotiations relate.

The decisions referred to in this paragraph shall not apply earlier than the date of their notification to the undertakings concerned.

For the purposes of this Article the definitions in Article 126c (7) of Regulation 1234/2007 [to be updated] shall apply.

6. The Member States in which negotiations take place in accordance with this Article shall notify the Commission of the application of point (g) of paragraph 2 and paragraph 5.]

[Article 113d

Contractual negotiations for certain arable crops

1. A producer organisation which is recognised under Article 106 and which pursues one or more of the objectives of concentrating supply, the placing on the market of the products produced by its members and optimising production costs, may negotiate on behalf of its members, in respect of part or all of the aggregate production of their members, contracts for the supply of one or more of the following products not intended for sowing and in the case of barley not intended for malting:¹

- common wheat;*
- barley;*
- maize;*
- rye;*
- durum wheat;*
- oats;*
- triticale;*
- rapeseed;*
- sunflower seed;*
- soya;*
- field beans;*
- field peas.*

¹ Corresponding CN codes for unprocessed products to be added prior to finalisation of the legal text.

A producer organisation fulfils the objectives mentioned in this paragraph provided that the pursuit of these objectives leads to the integration of activities and this integration is likely to generate significant efficiencies so that the activities of the producer organisation overall contribute to the fulfilment of the objectives of Article 39 of the Treaty.

This could be realised provided that:

(a) the producer organisation carries out at least one of the following activities:

(i) Joint distribution, including joint selling platform or joint transportation;

(ii) Joint promotion;

(iii) Joint organising of quality control;

(iv) Joint use of equipment or storage facilities;

(v) Joint procurement of inputs.

(b) These activities are significant in terms of quantity of the product concerned and in terms of cost of the production and placing of the product on the market.

2. The negotiations by the recognised producer organisation may take place:

(a) whether or not there is a transfer of ownership by the producers to the producer organisation;

(b) whether or not the price negotiated is the same as regards the aggregate production of some or all of the members;

(c) provided that, for each product referred to in paragraph 1 and for a particular producer organisation, the quantity of production covered by such negotiations which is produced in any particular Member State does not exceed 15 % of the total national production of that product in the Member State concerned;

(d) provided that for the quantity of products covered by such negotiations, the producer organisation concentrates supply and places the product of its members on the market;

(e) provided that the producers concerned are not members of any other producer organisation which also negotiates such contracts on their behalf;

- (f) *provided that the product in question is not covered by an obligation to supply arising from the producer's membership of a cooperative which is not itself member of the concerned producer organisation in accordance with the conditions set out in the cooperative's statutes or the rules and decisions provided for in or derived from these statutes; and*
- (g) *provided that the producer organisation notifies the competent authorities of the Member State in which it operates of the quantity of production for each product covered by such negotiations.*

3. *For the purposes of this Article, references to producer organisations shall also include associations of such producer organisations recognised under Article 107.*

4. *For the purposes of applying point (c) of paragraph 2, the Commission shall publish for the products referred to in paragraph 1, by such means as it considers appropriate, the quantity of production in Member States.*

5. *By way of derogation from point (c) of paragraph 2, even where the thresholds set out therein are not exceeded, the competition authority referred to in the second subparagraph of this paragraph may decide in an individual case that a particular negotiation by the producer organisation should either be reopened or should not take place at all if it considers that this is necessary in order to prevent competition being excluded, or it finds that the product covered by the negotiations forms part of a separate segment of the market by virtue of the specific characteristics of the product or its intended use and such collective negotiation would cover more than 15% of the national production of such segment, or if it finds that the objectives of Article 39 of the Treaty are jeopardised.*

For negotiations covering more than one Member State, the decision referred to in the first subparagraph shall be taken by the Commission without applying the procedure referred to in Article 162(2). In other cases, that decision shall be taken by the national competition authority of the Member State to which the negotiations relate.

The decisions referred to in this paragraph shall not apply earlier than the date of their notification to the undertakings concerned.

For the purposes of this Article the definitions in Article 126c (7) of Regulation 1234/2007 [to be updated] shall apply.

6. *The Member States in which negotiations take place in accordance with this Article shall notify the Commission of the application of point (g) of paragraph 2 and paragraph 5.]*

[Article 113e

Regulation of supply for ham with a protected designation of origin or protected geographical indication

- 1. Upon the request of a producer organisation recognised under Article 106, an interbranch organisation recognised under Article 108 or a group of operators referred to in Article 3(2) of Regulation (EU) No 1151/2012, Member States may lay down, for a limited period of time, binding rules for the regulation of the supply of ham benefiting from a protected designation of origin or form a protected geographical indication under Article 5(1) and (2) of Regulation (EC) No 1151/2012.*
- 2. The rules referred to in paragraph 1 shall comply with the conditions set out in paragraph 4 and shall be subject to the existence of a prior agreement between the parties in the geographical area referred to in Article 7(1)(c) of Regulation (EU) No 1151/2012. Such an agreement shall be concluded between at least two thirds of the processors of that ham representing at least two thirds of the production of that ham in the geographical area referred to in Article 7(1)(c) of Regulation (EU) No 1151/2012 and, if considered appropriate by the Member State, at least two thirds of the pig producers in the geographical area referred to in Article 7(1)(c) of Regulation (EU) No 1151/2012.*

3. *The rules referred to in paragraph 1:*
 - (a) *shall only cover the regulation of supply of the product concerned and/or its raw material and shall have the aim of adapting the supply of that ham to demand;*
 - (b) *shall have effect only on the product concerned;*
 - (c) *may be made binding for no more than 3 years and be renewed after this period, following a new request, as referred to in paragraph 1;*
 - (d) *shall not damage the trade of products other than those concerned by the rules referred to in paragraph 1;*
 - (e) *shall not relate to any transaction after the first marketing of the ham concerned;*
 - (f) *shall not allow for price fixing, including where prices are set for guidance or recommendation;*
 - (g) *shall not render unavailable an excessive proportion of the product concerned that would otherwise be available;*
 - (h) *shall not create discrimination, constitute a barrier for new entrants in the market, or lead to small producers being adversely affected;*
 - (i) *shall contribute to maintaining the quality and/or the development of the product concerned;*
4. *The rules referred to in paragraph 1 shall be published in an official publication of the Member State concerned.*
5. *Member States shall carry out checks in order to ensure that the conditions laid down in paragraph 4 are complied with, and, where it has been found by the competent national authorities that such conditions have not been complied with, shall repeal the rules referred to in paragraph 1.*
6. *Member States shall notify the Commission forthwith of the rules referred to in paragraph 1 which they have adopted. The Commission shall inform Member States of any notification of such rules.*

7. *The Commission may at any time adopt implementing acts requiring that a Member State repeal the rules laid down by that Member State pursuant to paragraph 1 if the Commission finds that those rules do not comply with the conditions laid down in paragraph 4, prevent or distort competition in a substantial part of the internal market or jeopardise free trade or the attainment of the objectives of Article 39 TFEU. Those implementing acts shall be adopted without applying the procedure referred to in Article 162(2).]*

Article 143

Commission Guidelines on the Application of Articles 101 to 106 of the Treaty – competition rules to agriculture

Save as otherwise provided in this Regulation, *in accordance with Article 42 of the Treaty*, Articles 101 to 106 of the Treaty and implementing provisions thereof shall, subject to **Articles 144, 143a to 145** of this Regulation, apply to all agreements, decisions and practices referred to in Article 101(1) and Article 102 of the Treaty which relate to the production of, or trade in, agricultural products.

[...]

Article 145

Agreements and concerted practices of recognised interbranch organisations

1. Article 101(1) ~~of the Treaty~~ *TFEU* shall not apply to the agreements, decisions and concerted practices of interbranch organisations recognised under **Article 108** of this Regulation with the object of carrying out the activities listed in point (c) of Article 108(1) **and point (c) of Article 108(2)** of this Regulation, and for the olive oil and table olive and tobacco sectors, Article ~~108(2)~~ *109d* of this Regulation.

2.-6. [...]

Article 145a

Agreements, decisions and concerted practices in the milk and milk product sector

[Deleted]

Article 157

Communication requirements

1.-3. [...]

4. [Deleted]

**NATIONAL AND REGIONAL QUOTAS FOR THE PRODUCTION OF SUGAR,
ISOGLUCOSE AND INULIN SYRUP AS REFERRED TO IN ARTICLE 101H**

(in tonnes)

<i>Member States or regions (1)</i>	<i>Sugar (2)</i>	<i>Isoglucose (3)</i>	<i>Inulin syrup (4)</i>
<i>Belgium</i>	<i>676 235,0</i>	<i>114 580,2</i>	<i>0</i>
<i>Bulgaria</i>	<i>0</i>	<i>89 198,0</i>	
<i>Czech Republic</i>	<i>372 459,3</i>		
<i>Denmark</i>	<i>372 383,0</i>		
<i>Germany</i>	<i>2 898 255,7</i>	<i>56 638,2</i>	
<i>Ireland</i>	<i>0</i>		
<i>Greece</i>	<i>158 702,0</i>	<i>0</i>	
<i>Spain</i>	<i>498 480,2</i>	<i>53 810,2</i>	
<i>France (metropolitan)</i>	<i>3 004 811,15</i>		<i>0</i>
<i>French overseas departments</i>	<i>432 220,05</i>		
<i>Italy</i>	<i>508 379,0</i>	<i>32 492,5</i>	
<i>Latvia</i>	<i>0</i>		
<i>Lithuania</i>	<i>90 252,0</i>		
<i>Hungary</i>	<i>105 420,0</i>	<i>220 265,8</i> <i>250 265,8</i>	
<i>Netherlands</i>	<i>804 888,0</i>	<i>0</i>	<i>0</i>
<i>Austria</i>	<i>351 027,4</i>		
<i>Poland</i>	<i>1 405 608,1</i>	<i>42 861,4</i>	
<i>Portugal (mainland)</i>	<i>0</i>	<i>12 500,0</i>	
<i>Autonomous Region of the Azores</i>	<i>9 953,0</i>		
<i>Romania</i>	<i>104 688,8</i>	<i>0</i>	
<i>Slovenia</i>	<i>0</i>		
<i>Slovakia</i>	<i>112 319,5</i>	<i>68 094,5</i>	
<i>Finland</i>	<i>80 999,0</i>	<i>0</i>	
<i>Sweden</i>	<i>293 186,0</i>		
<i>United Kingdom</i>	<i>1 056 474,0</i>	<i>0</i>	
<i>Croatia</i>	<i>p.m.</i>	<i>p.m.</i>	<i>p.m.</i>
<i>TOTAL</i>	<i>13 336 741,2</i>	<i>690 440,8</i> <i>720 440,8</i>	<i>0]</i>

I

ANNEX IIIe
PURCHASE TERMS FOR BEETS, DURING THE PERIOD REFERRED TO IN
ARTICLE 101(3)

POINT III

1.-1a. [...]

1b. The delivery contract shall specify how the evolution of market prices is to be allocated between the parties.

2. [...]

[...]

POINT XII

1.-2a. [...]

3. Agreements referred to in paragraph 2 lay down, in particular:

(c)-(i) [...]

(j) [deleted];

(k)-(l) [...]

ANNEX V

INTERNATIONAL ORGANISATIONS REFERRED TO IN ARTICLE 56(3)

[Deleted]

Rural Development

- (21) The creation and development of new economic activity in the form of new farms, **diversification into non-agricultural activities including providing services to agriculture and forestry; activities related, social integration and tourist activities** is essential for the development of rural areas. **Diversification into non-agricultural activities may also address sustainable management of cynegetic resources.** A farm and business development measure should facilitate the initial establishment of young farmers and the structural adjustment of their holdings after initial setting up. **In order to address problems of young farmers related to access to land Member States could also offer this support in combination with other forms of support e.a. through the use of financial instruments.** **Furthermore,** diversification of farmers into non-agricultural activities and the setting up and development of non-agricultural SMEs in rural areas **should be promoted. The measure should also encourage entrepreneurship of women in rural areas.** The development of small farms, which are potentially economically viable should also be encouraged. In order to ensure the viability of new economic activities supported under this measure, support should be made conditional on the submission of a business plan. Support for business start up should cover only the initial period of the life of a business and not become operating aid. Therefore, where Member States opt to grant aid in instalments these should be for a period of no more than five years. In addition, in order to encourage the restructuring of the agricultural sector, support should be provided for farmers who commit to transfer their entire holding and the corresponding payment entitlements to another farmer. **Such support may also take the form of a one-off payment.**

Article 5

Union priorities for rural development

The achievement of the objectives of rural development, which contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth, shall be pursued through the following six Union priorities for rural development, which translate the relevant Thematic Objectives of the CSF:

- (1) fostering knowledge transfer and innovation in agriculture, forestry, and rural areas with a focus on the following areas:
 - (a) fostering innovation, **cooperation**, and **the development of** the knowledge base in rural areas;
 - (b) strengthening the links between agriculture, **food production** and forestry and research and innovation, **including for the purpose of improved environmental management and performance**;
 - c) fostering lifelong learning and vocational training in the agricultural and forestry sectors.

- (2) enhancing **farm viability and** competitiveness of all types of agriculture **in all regions and promoting innovative farm technologies and sustainable management of forests**, with a focus on the following areas:
 - (a) **improving the economic performance of all farms** and facilitating **farm restructuring and modernisation** of farms facing major structural problems, notably **with a view to increase** ~~farms with a low degree of~~ **market participation and orientation as well as agricultural diversification**;
 - (b) facilitating **entry of adequately skilled farmers into the agricultural sector and in particular** generational renewal ~~in the agricultural sector~~.

- (3) promoting food chain organisation, **including processing and marketing of agricultural products, animal welfare** and risk management in agriculture, with a focus on the following areas:
- (a) **improving competitiveness of** primary producers **by better integrating them** into the **agri-food** chain through quality schemes, **adding value to agricultural products**, promotion in local markets and short supply circuits, producer groups and inter-branch organisations;
 - (b) supporting farm risk **prevention and** management.
- (4) restoring, preserving and enhancing ecosystems ~~dependent on~~ **related to** agriculture and forestry, with a focus on the following areas:
- (a) restoring, and preserving **and enhancing** biodiversity, including in Natura 2000 areas, **areas facing natural or other specific constraints** and high nature value farming, and the state of European landscapes;
 - (b) improving water management, **including fertiliser and pesticide management;**
 - (c) **preventing soil erosion and** improving soil management.
- (5) promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:
- (a) increasing efficiency in water use by agriculture;
 - (b) increasing efficiency in energy use in agriculture and food processing;
 - (c) facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non food raw material for purposes of the bio-economy;
 - (d) reducing ~~nitrous oxide and methane~~ **green house gas and ammonia** emissions from agriculture;
 - (e) fostering carbon **conservation and** sequestration in agriculture and forestry;

- (6) promoting social inclusion poverty reduction and economic development in rural areas, with a focus on the following areas:
- (a) facilitating diversification, creation **and development** of ~~new~~ small enterprises and job creation;
 - (b) fostering local development in rural areas;
 - (c) enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.

All of the priorities shall contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation. **Programmes may address fewer than six priorities if justified on the basis of the analysis of the situation in terms strengths, weaknesses, opportunities and threats (hereinafter "SWOT") and the ex ante evaluation. At least four priorities shall be addressed by each programme. When a Member State submits a national programme and a set of regional programmes, the national programme may address less than four priorities. Other focus areas may be included in programmes in order to pursue one of the priorities if justified and measurable.**

Article 17

Quality schemes for agricultural products, and foodstuffs

1. Support under this measure shall cover new participation by farmers **and groups of farmers** in:
 - (a) quality schemes for agricultural products, cotton or foodstuffs established by Union legislation **established under the following Regulations and provisions:**
 - i. Title VI of Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine;⁴**
 - i. Regulation (EU) 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;**
 - ii. Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91⁵;**
 - iii. Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89⁶;**

⁴ Regulation has been replaced by Regulation No 479/2008 see point v.

⁵ **OJ L 189, 20.7.2007, p. 1.**

⁶ **OJ L 39, 13.2.2008, p. 16.**

iv. Proposal for Regulation (EC) on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products.⁷

v. Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organisation of the market in wine, amending Regulations (EC) No 1493/1999, (EC) No 1782/2003, (EC) No 1290/2005, (EC) No 3/2008 and repealing Regulations (EEC) No 2392/86 and (EC) No 1493/1999⁸ integrated in the Council Regulation (EC) No 1234/2007 (single CMO) by Regulation (EC) No 491/2008.

(b) (...)

(c) (...)

1a. Support under this measure may also cover costs arising from information and promotion activities implemented by groups of producers in the internal market, concerning products covered by a quality scheme receiving support in accordance with paragraph 1.

2. (...)

3. (...)

⁷ Regulation on aromatised wines has been added.

⁸ **OJ L 148, 6.6.2008, p. 1.**

4. **In order to take into account new Union legislation that may affect support under this measure and in order to ensure consistency with other Union instruments on promotion of agricultural measures and prevent distortion of competition, the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning, respectively, the specific Union schemes to be covered by paragraph 1(a) and the characteristics of groups of producers and types of actions that may receive support under paragraph 1a, the setting of conditions to prevent discrimination of products and the exclusion of commercial brands from support.**

Article 20

Farm and business development

1. Support under this measure shall cover:
- (a) business start-up aid for:
 - (i) young farmers;
 - (ii) non-agricultural activities in rural areas;
 - (iii) the development of small farms;
 - (b) investments in **creation and development of** non-agricultural activities;
 - (c) annual payments **or one-off** payments for farmers ~~participating in~~ **eligible for** the small farmers scheme established by Title V of Regulation (EU) No .../2013 [DP] (hereafter "the small farmers scheme") who permanently transfer their holding to another farmer;

2. Support under **point (a)(i) of** paragraph 1(a)(i) shall be granted to young farmers **who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DPI]**.
- Support under **point (a)(ii) of** paragraph 1(a)(ii) shall be granted to farmers or members of **a** farm household **who diversify** into non-agricultural activities and to **non-agricultural** micro- and small- enterprises **and natural persons** in rural areas.
- Support under **point (a)(iii) of** paragraph 1(a)(iii) shall be granted to small farms as defined by Member States.
- Support under **point (b) of** paragraph 1(b) shall be granted to **non-agricultural** micro- and small enterprises **and natural persons** in rural areas and to farmers or members of **the a** farm household.
- Support under **point (c) of** paragraph 1(c) shall be granted to farmers **eligible to** participate in the small farmers scheme, at the time of submitting their application for support, for at least one year and who commit to permanently transfer their entire holding and the corresponding payment entitlements to another farmer. Support shall be paid from the date of the transfer until 31 December 2020 **or calculated in respect of that period and paid in the form of a one-off payment**.
3. Any natural or legal person or a group of natural or legal persons, whatever legal status is granted to the group and its members by national law, may be considered as a member of a farm household, with the exception of farm workers. Where a legal person or a group of legal persons is considered as a member of the farm household, that member must exercise an agricultural activity on the farm at the time of the support application.

4. Support under **point (a) of** paragraph 1(a) shall be conditional on the submission of a business plan. Implementation of the business plan has to start within ~~six~~ **nine** months from the date of the decision granting the aid.

For young farmers receiving support under point (a)(i) the business plan shall provide that the young farmer has to comply with the definition of active farmer under Article 9 of Regulation (EU) No DP/2013, within 18 months from the date of setting up.

Member States shall define upper and lower thresholds for allowing agricultural holdings access to support under **points (a)(i) and (a)(iii) of** paragraphs 1(a)(i) and 1(a)(iii) respectively. The lower threshold for support under **point (a)(i) of** paragraph 1(a)(i) shall be significantly higher than the upper threshold for support under **point (a)(iii) of** paragraph 1(a)(iii). Support shall, ~~however~~, be limited to holdings coming under the definition of micro and small enterprises.

5. Support under **point (a) of** paragraph 1(a) shall be ~~in the form of a flat rate payment, which may be paid in at least two instalments over a period of maximum five years. Instalments may be degressive.~~ The payment of the last instalment, under **points (a)(i) and (ii) of** paragraph 1(a)(i) ~~and (ii)~~ shall be conditional upon the correct implementation of the business plan.
6. The maximum amount of support **under point (a) of** ~~for~~ paragraph 1(a) is laid down in Annex I. Member States shall define the amount of support under **points (a)(i) and (a)(ii) of** paragraph 1(a)(i) ~~and (ii)~~ also taking into account the socio-economic situation of the programme area.
7. Support under paragraph 1(c) shall be equal to 120% of the annual payment that the beneficiary **is eligible to** received under the small farmers scheme.

8. The Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning the minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in paragraph 4.

Article 23

Afforestation and creation of woodland

1. Support under Article 22(1)(a) shall be granted to **public and** private land-~~holders-owners~~ ~~and tenants, municipalities~~ and their associations and shall cover the costs of establishment and an annual premium per hectare to cover the costs of **agricultural income foregone and** maintenance, including early and late cleanings, for a maximum period of ~~ten~~ **twelve** years. **In the case of state-owned land, support may only be granted if the body managing such land is a private body or a municipality.**
Support for afforestation of land owned by public authorities or for fast growing trees shall cover only the costs of establishment.
2. Both agricultural and non-agricultural land shall be eligible. Species planted shall be adapted to the environmental and climatic conditions of the area and **comply with** minimum environmental requirements. No support shall be granted for the planting of **trees for** short rotation **coppicing**, Christmas trees or fast growing trees **for energy production**. In areas where afforestation is made difficult by severe pedo-climatic conditions support may be provided for planting other perennial woody species such as shrubs or bushes suitable to the local conditions.
3. (...)

Article 29

Agri-environment- climate

1. Member States shall make support under this measure available throughout their territories, in accordance with their national, regional or local specific needs and priorities. **This measure shall be targeted to the preservation as well as the promotion of the necessary changes into agricultural practices that make a positive contribution to the environment and climate. Its inclusion** in rural development programmes shall be compulsory

2. 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 **to be defined by Member States, including but not limited to the agricultural area as defined under Article 2 of this Regulation.** Where duly justified to achieve environmental objectives, agri-environment-climate payments may be granted to other land-managers or groups of other land-managers.

3. Agri-environment-climate payments cover only those commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012 and other relevant obligations established under Chapter 2 of Title III of Regulation (EU) No DP/2012, **the relevant criteria and minimum activities as established pursuant to Article 4(1)(c) second and third indents respectively of that Regulation,** relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national legislation. All such mandatory requirements shall be identified in the programme.

4. Member States shall endeavour to ~~provide~~ **ensure that** persons undertaking to carry out operations under this measure **are provided** with the knowledge and information required to implement them, **such as** ~~including~~ by commitment-related expert advice and/or by making support under this measure conditional to relevant training.
5. Commitments under this measure shall be undertaken for a period of five to seven years. However, where necessary in order to achieve or maintain the environmental benefits sought, Member States may determine a longer period in their rural development programmes for particular types of commitments, including by means of providing for their annual extension after the termination of the initial period. **For new commitments directly following the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.**
6. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the agri-environment-climate commitments. Where commitments are undertaken by groups of farmers **or groups of farmers and other land managers**, the maximum level shall be 30%.
In duly justified cases for operations concerning environmental conservation, support may be granted as a flat-rate or one-off payment per unit for commitments to renounce commercial use of areas, calculated on basis of additional costs incurred and income foregone.
7. Where required for ensuring the efficient application of the measure, Member States may use the procedure referred to in Article 49(3) for the selection of beneficiaries.

8. Support shall be limited to the maximum amounts laid down in Annex I.
No support under this measure may be granted for commitments that are covered under the organic farming measure.
9. Support may be provided for the conservation **and for the sustainable use and development** of genetic resources in agriculture for operations not covered by the provisions under paragraphs 1 to 8. **Those commitments may be carried out by other beneficiaries than those referred to in paragraph 2.**
10. **In order to ensure that agri-environment-climate commitments are defined in line with the Union priorities for rural development,** the Commission shall be empowered to adopt delegated acts in accordance with Article 90 concerning ~~the annual extension of the commitments after the initial period of the operation,~~ conditions applicable to commitments to extensify ~~or manage differently~~ livestock farming, **conditions applicable to conversion or adjustment of commitments,** to limit fertilisers, plant protection products or other inputs, **conditions applicable to commitments** to rear local breeds in danger of being lost to farming or to preserve plant genetic resources as well as concerning the definition of eligible operations under paragraph 9.

Article 30

Organic farming

1. Support under this measure shall be granted, per hectare of UAA **agricultural area,** to farmers or groups of farmers who undertake, on a voluntary basis to convert to or maintain organic farming practices and methods as defined in Council Regulation (EC) No 834/2007 **of 28 June 2007 on organic production and labelling of organic products and who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DP].**

2. Support shall only be granted for commitments going beyond the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No HR/2012, relevant minimum requirements for fertiliser and plant protection products use as well as other relevant mandatory requirements established by national legislation. All such requirements shall be identified in the programme.
3. Commitments under this measure shall be undertaken for a period of five to seven years. **Where support is granted for conversion to organic farming Member States may determine a shorter initial period corresponding to the period of conversion.** Where support is granted for the maintenance of organic farming, Member States may provide in their rural development programmes for annual extension after the termination of the initial period. **For new commitments concerning maintenance directly following the commitment performed in the initial period, Member States may determine a shorter period in their rural development programmes.**
4. Payments shall be granted annually and shall compensate beneficiaries for all or part of the additional costs and income foregone resulting from the commitments made. Where necessary they may also cover transaction costs to a value of up to 20% of the premium paid for the commitments. Where commitments are undertaken by groups of farmers, the maximum level shall be 30%.

5. Support shall be limited to the maximum amounts laid down in Annex I.

Article 31

Natura 2000 and Water framework directive payments

1. Support under this measure shall be granted annually and per hectare of ~~UAA~~ **agricultural area** or per hectare of forest in order to compensate beneficiaries for **additional** costs ~~incurred~~ and income foregone resulting from disadvantages in the areas concerned, related to the implementation of **Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora¹, Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds² and Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy.**
2. Support shall be granted to farmers and to private forest ~~owners~~ **holders** and ~~associations of~~ **associations of private** forest **holders** ~~owners respectively~~. In duly justified cases it may also be granted to other land managers.
3. Support to farmers, linked to Directives 92/43/EEC and 2009/147/EC shall only be granted in relation to disadvantages resulting from requirements that go beyond the good agricultural and environmental condition provided for in Article 94 and Annex II of Council Regulation (EU) No HR/2012.

4. Support to farmers, linked to Directive 2000/60/EC shall only be granted in relation to specific requirements that:
- (a) were introduced by Directive 2000/60/EC, are in accordance with the programmes of measures of the river basin management plans for the purpose of achieving the environmental objectives of that Directive and go beyond the measures required to implement other Union legislation for the protection of water;
 - (b) go beyond **the statutory management requirements and** the good agricultural and environmental condition provided for in Chapter I of Title VI of Regulation (EU) No HR/2012 ~~and the obligations established under Chapter 2 of Title III of Regulation (EU) No DP/2012;~~
 - (c) go beyond the level of protection of the Union legislation existing at the time Directive 2000/60/EC was adopted as laid down in Article 4(9) of Directive 2000/60/EC; and
 - (d) impose major changes in type of land use, and/or major restrictions in farming practice resulting in a significant loss of income.
5. The requirements referred to in paragraphs 3 and 4 shall be identified in the programme.

6. The following areas shall be eligible for payments:
 - (a) Natura 2000 agricultural and forest areas designated pursuant to Directives 92/43/EEC and 2009/147/EC ;
 - (b) other delimited nature protection areas with environmental restrictions applicable to farming or forests which contribute to the implementation of Article 10 of Directive 92/43/EEC. These areas shall, per rural development programme, not exceed 5% of the designated Natura 2000 areas covered by its territorial scope;
 - (c) agricultural areas included in river basin management plans according to Directive 2000/60/EC.
7. Support shall be limited to the maximum amounts laid down in Annex I.

Article 32

Payments to areas facing natural or other specific constraints

1. Payments to farmers in mountain areas and other areas facing natural or other specific constraints shall be granted annually per hectare of ~~UAA~~ **agricultural area** in order to compensate farmers for additional costs and income foregone related to the constraints for agricultural production in the area concerned.

Additional costs and income foregone shall be calculated in comparison to areas which are not affected by natural or other specific constraints, taking into account payments pursuant to Chapter 3 of Title III of Regulation (EU) No DP/2012.

When calculating additional costs and income foregone, Member States may, where duly justified, differentiate the level of payment taking into account:

- the severity of the identified permanent natural constraint affecting farming activities;

- the farming system.

2. Payments shall be granted to farmers who undertake to pursue their farming activity in the areas designated pursuant to Article 33 **and who comply with the definition of active farmers in Article 9 of Regulation (EU) No .../2013 [DP]**.
3. Payments shall be fixed between the minimum and maximum amount laid down in Annex I. **These payments may be increased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.**
4. Member States shall provide for degressivity of payments above a threshold level of area per holding, to be defined in the programme **except if the grant only covers the minimum payment per ha per year as laid down in Annex I.**
5. **In addition to the payments provided for in paragraph 2**, Member States may grant payments under this measure between 2014 and ~~2017~~ **2020** to farmers **beneficiaries** in areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period but are no longer eligible following the new delimitation referred to in Article 46 33(3). These payments shall be degressive **over a period of maximum four years** starting **at the date the delimitation in accordance with Article 33(3) is completed and at the latest in 2014 2018 at no more than** 80% of the **average payment received in 2013 fixed in the programme for the programming period 2007-2013 in accordance with Article 36(a)(ii)**, and ending in ~~2017~~ **2020 at the latest** at no more than 20%. **When the level of the payment reaches 25 EUR due to degressivity, the Member State can continue payments at this level until the phasing out period is completed.**

6. ~~In Member States which have not completed~~ **Until** the delimitation referred to in Article 33(3) before 1 January 2014, **has been completed** paragraph 5 shall apply to farmers receiving payments in areas which were eligible for such payments during the 2007-2013 period. Following completion of the delimitation, farmers in areas that remain eligible shall receive full payments under this measure. Farmers in areas that are no longer eligible shall continue to receive payments in accordance with paragraph 5.

Article 33

Designation of areas facing natural and other specific constraints

1. Member States shall, on the basis of paragraphs 2, 3 and 4, designate areas eligible for payments provided for in Article 32 under the following categories:
 - (a) mountain areas;
 - (b) areas, other than mountain areas, facing significant natural constraints; and
 - (c) other areas affected by specific constraints.

2. In order to be eligible for payments under Article 32, mountain areas shall be characterized by a considerable limitation of the possibilities for using the land and by an appreciable increase in production costs due to:
 - (a) the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season;

- (b) at a lower altitude, the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or a combination of these two factors, where the constraints resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent constraints.

Areas north of the 62nd parallel and certain adjacent areas shall be regarded as mountain areas.

3. In order to be eligible for payments under Article 32, areas, other than mountain areas, shall be considered as facing significant natural constraints if, at least ~~66~~ **60%** of the UAA **agricultural area** meets at least one of the criteria listed in Annex II at the threshold value indicated.

~~In addition, as far as areas which were eligible under Article 36(a)(ii) of Regulation (EC) No 1698/2005 during the 2007-2013 programming period are concerned, Member States may count areas against the threshold of 60% referred to in the previous subparagraph where two of the criteria listed in Annex II are each met within a margin of not more than 20% of the threshold value indicated.~~

Respect of ~~this~~ **these** conditions shall be ensured at the ~~appropriate~~ level of local administrative-units ("LAU 2" level) ~~LAU2-level~~ **or at the level of a clearly delineated local unit which covers a single clear contiguous geographical area with a definable economic and administrative identity.**

When delimiting the areas concerned by this paragraph, Member States shall undertake a fine-tuning exercise, based on objective criteria, with the purpose of excluding areas in which significant natural constraints in accordance with the first subparagraph have been documented but have been overcome by investments or by, economic activity, **or by evidence of normal land productivity, or if production methods or farming systems offset the income loss or added costs referred to in Article 32(1).**

4. Areas other than those referred to in paragraphs 2 and 3 shall be eligible for payments under Article 32 if they are affected by specific constraints and where land management should be continued in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area or in order to protect the coastline.

Areas affected by specific constraints shall comprise farming areas within which are homogeneous from the point of view of the natural production protection conditions are similar and their total extent shall not exceed 10% of the area of the Member State concerned.

In addition, areas may also be eligible for payments under this paragraph, where:

- at least 60% of the agricultural area meets at least two of the criteria listed in Annex II each within a margin of not more than 20% of the threshold value indicated, or

- at least 60% of the agricultural area is composed of areas meeting at least one of the criteria listed in Annex II at the threshold value indicated, and areas meeting at least two of the criteria listed in Annex II each within a margin of not more than 20% of the threshold value indicated.

Respect of these conditions shall be ensured at LAU2 level or at the level of a clearly delineated local unit which covers a single clear contiguous geographical area with a definable economic and administrative identity. When delimiting areas concerned by this subparagraph, Member States shall undertake a fine-tuning exercise as described in Article 33(3). Areas considered eligible pursuant to this subparagraph, shall be taken into account for calculating the 10% limit referred to in the second subparagraph.

By way of derogation, the previous sub-paragraph shall not apply to Member States the entire territory of which was considered as an area facing specific handicaps under Regulations 1698/2005 and 1257/1999.

5. Member States shall attach to their rural development programmes:
 - (a) the existing or amended delimitation pursuant to paragraphs 2 and 4;
 - (b) the new delimitation of the areas referred to in paragraph 3.

Article 46

Investments

Agreed, square brackets removed.

Article 49

Project selection

1. (...)
2. The Member State authority responsible for project selection **of operations** shall, **with the exception of operations under Articles 29 to 32, 34 to 35 and 37 to 40** ensure that **operations** projects are selected in accordance with the selection criteria referred to in paragraph 1 and according to a transparent and well documented procedure. ~~Application of **the** selection criteria shall not be compulsory in the case of the measures referred to in Articles 29 to 32, 34 and 35 except where available funds are not sufficient to cover all eligible applications **and where it is documented that all applications are qualified for support through the use of the eligibility criteria for the relevant measure.**~~
3. (...)

TITLE V
Financial provisions

Article 64

Resources and their distribution

1. The total amount of Union support for rural development under this Regulation for the period from 1 January 2014 to 31 December 2020 its annual breakdown and the minimum amount to be concentrated in less developed regions shall be fixed by the European Parliament and the Council, on a proposal from the Commission in accordance with the multiannual financial framework for the years 2014 to 2020 and the Interinstitutional Agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management for the same period.
2. 0,25% of the resources referred to in paragraph 1 shall be devoted to technical assistance for the Commission as referred to in Article 51(1).
3. For the purpose of their programming and subsequent inclusion in the general budget of the Union, the amounts referred to in paragraph 1 shall be indexed at 2% per year.
4. 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:
 - (a) objective criteria linked to the objectives referred to in Article 4; and
 - (b) past performance.

(4a) The Commission shall subtract from the amounts allocated to each Member State in accordance with paragraph (4), funds transferred by that Member State under Article 14(2) of Regulation (EU) No DP/2012.

5. In addition to the amounts referred to in paragraph 4, the implementing act referred to in the same paragraph shall also include the funds transferred to the EAFRD in application of Articles 7(2) and 14(1) of Regulation (EU) No DP/2012 and the funds transferred to the EAFRD in application of Articles 10b and 136 of Council Regulation (EC) No 73/2009⁹ in respect of calendar year 2013.
6. 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. ¶

[Article 65

Fund contribution

1. The decision approving a rural development programme shall set the maximum contribution from the EAFRD to the programme. The decision shall clearly identify, where necessary, the appropriations allocated to the less developed regions.
2. The EAFRD contribution shall be calculated on the basis of the amount of eligible public expenditure.

⁹ OJ L 30, 31.1.2009, p.16

3. The rural development programmes shall establish a single EAFRD contribution rate applicable to all measures. Where applicable, a separate EAFRD contribution rate shall be established for less developed regions, ~~and~~ for outermost regions and the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93, **and for transition regions**. The maximum EAFRD contribution rate shall be:

(a) ~~85%~~ **75%** of the eligible public expenditure in the less developed regions, the outermost regions and the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93;

(ab) 75% of the eligible public expenditure for all regions whose GDP per capita for the 2007-2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27;

(ac) 63% of the eligible public expenditure for the transition regions other than those referred to in the previous indent;

(b) ~~50%~~ **53%** of the eligible public expenditure in the other regions.

The minimum EAFRD contribution rate shall be 20%.

4. By way of derogation from paragraph 3, the maximum EAFRD contribution shall be:

(a) 80% for the measures referred to in Articles 15, 28 and 36, for the LEADER local development referred to in Article 28 of Regulation (EU) No [CSF/2012] and for operations under Article 20(1)(a)(i). ~~It~~ **This rate** may be increased to **a maximum of 90%** for the programmes of less developed, the outermost regions, ~~and~~ the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93 **and transition regions**;

(ab) 75% for operations contributing to the objectives of environment and climate change mitigation and adaptation under Articles 18, 23, 24, 29, 30, 31(3) and (4), 32 and 35.

(ac) 100% for EU-level financial instruments referred to in Article 33(1)(a) of Regulation [CPR/2013];]

(ad) the contribution rate applicable to the measure concerned increased by 10 percentage points for contributions to financial instruments referred to in Article 33(1)(b) of Regulation [CPR/2013].

(b) 100% for operations receiving funding under ~~Article 66~~ from funds transferred to the EAFRD in application of Article 7(2) and Article 14 (1) of Regulation (EU) No DP/2012.

(ba) For Member States receiving financial assistance in accordance with Articles 136 and 143 TFEU, additional allocations shall be subject to a co-financing rate of 100% until 2016 when the application of this provision shall be reassessed.

5. At least 5%, and in the case of Croatia 2,5%, of the total EAFRD contribution to the rural development programme shall be reserved for LEADER.

5a. At least 30% of the total EAFRD contribution to the rural development programme shall be reserved for measures under Articles 18 for environment and climate related investments, 22-27, 29, 30, 31 with the exception of WFD related payments, 32, 33 and 35. This provision shall not apply to the outermost regions and the overseas territories of the Member States.

6. An expenditure co-financed by the EAFRD shall not be co-financed by way of a contribution from the Structural Funds, the Cohesion Fund or any other Union financial instrument.
7. Public expenditure on aid to enterprises shall comply with the aid limits laid down in respect of State aid, unless this Regulation provides otherwise.]

[ANNEX I]

Amounts and support rates

Table from Commission proposal, articles modified by Council and amended by EP indicated in grey rows

Article	Subject	Maximum amount in EUR or rate	
16(8)	Advisory services, farm management and farm relief services	1.500 200.000	Per advice Per three years for the training of advisors
17(2)	Information and promotion activities	70%	Of the eligible costs of the action
17(3)	Quality schemes or agricultural products and foodstuffs	3.000	Per holding per year
18(3)	Investment in physical assets		<u>Agricultural sector</u>
		50 %	[Of the amount of eligible investment in less developed regions <u>and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27.</u>]

		75 % 75 %	Of the amount of eligible investment in outermost regions Of the amount of eligible investment in Croatia for the implementation of Council Directive 91/676/EEC* within a maximum period of four years from the date of accession pursuant to Article 3(2) and Article 5(1) of that Directive
		[65%-75 %]	Of the amount of eligible investment in the smaller Aegean islands
		40 %	Of the amount of eligible investment in other regions The above rates may be increased by 20 <u>percentage points</u> , provided that maximum combined support does not exceed 90 %, for: - Young farmers setting up <u>as defined in Article 2(u), or who have already set up during the five years preceding the application for support;</u> - Collective investments and integrated projects, <u>including those linked to a merger of Producer Organisations;</u> - Areas facing natural constraints <u>and other specific</u> as referred to in Article 33;

			- Operations supported in the framework of the EIP; <u>- Investments linked to operations under Articles 29 and 30</u>
			<u>Processing and marketing of Annex I products</u>
		50 %	Of the amount of eligible investment in less developed regions <u>[and in all regions whose GDP per capita for the 2007 - 2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita is above 75% of the GDP average of the EU-27]</u>
		75 %	Of the amount of eligible investment in outermost regions
		[65 % 75 %]	Of the amount of eligible investment in the smaller Aegean islands

		40 %	Of the amount of eligible investment in other regions The above rates may be increased by 20 <u>percentage points</u> , provided that maximum combined support does not exceed 90 %, for operations supported in the framework of the EIP [<i>and in collective investments and integrated projects</i>]
<u>18(4)</u>	<u>Investment in physical assets</u>	<u>100%</u>	<u>Non productive investments and agricultural and forestry infrastructure</u>
19(5)	Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions	80%	Of the amount of eligible investment costs for prevention operations carried out by individual farmers.
19(5)	Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions	80%	Of the amount of eligible investment costs for prevention operations carried out by individual farmers.
		<u>100%</u>	<u>Of the amount of eligible investment costs for prevention operations carried out collectively by more than one beneficiary.</u>

		100%	<u>Of the amount of eligible investment costs for operations to restore agricultural land and production potential damaged by natural disasters and catastrophic events.</u>
20(6)	Farm and business development	70.000	Per young farmer under 33 20 (1)(a)(i)
		70.000	Per enterprise beneficiary under 33 20 (1)(a)(ii)
		15.000	Per small farm under 33 20 (1)(a)(iii)
20(6)	Farm and business development	70.000	Per young farmer under 33 20 (1)(a)(i)
		70.000	Per enterprise under 33 20 (1)(a)(ii)
		15.000	Per small farm under 33 20 (1)(a)(iii)

24(3)	Establishment of agro-forestry systems	80%	Of the amount of eligible investment for the establishment of agro-forestry systems
24(3)	Establishment of agro-forestry systems	[80% 100 %]	Of the amount of eligible investment for the establishment of agro-forestry systems
27(5)	Investments in new forestry technologies and in processing and marketing of forestry products	[50% 65%] 75% [65% 75 %] 40%	Of the amount of eligible investment in less developed regions Of the amount of eligible investment in outermost regions Of the amount of eligible investment in the smaller Aegean islands Of the amount of eligible investment in other regions

28(4)	Setting up of producer groups <u>and organisations</u>	10% _; 10% _; 8% _; 6% _; 4%	For marketed production up to EUR 1 000 000 As a percentage of marketed production during the first five years following recognition, for the 1st, 2nd, 3rd, 4th and 5th year respectively. <u>The support shall be degressive.</u>
		5% 5% 4% 3% 2%	For marketed production exceeding EUR 1 000 000 As a percentage of marketed production during the first five years following recognition, for the 1st, 2nd, 3rd, 4th and 5th year respectively.
		100.000	<u>Maximum amount per year in all cases.</u>

29(8)	Agri-environment	600(*)	Per ha per year for annual crops
		900(*)	Per ha per year for specialised perennial crops
		450(*)	Per ha per year for other land uses
		200(*)	Per Livestock Unit (“LU”) per year for local breeds in danger of being lost to farmers
30(5)	Organic farming	600(*)	Per ha per year for annual crops
		900(*)	Per ha per year for specialised perennial crops
		450(*)	Per ha per year for other land uses
31(7)	Natura 2000 and Water framework directive payments	500(*)	Per ha per year maximum in the initial period not exceeding five years
		200(*)	Per ha per year maximum
		50	Per ha per year minimum for Water framework directive payments(**)

32(3)	Payments to areas facing natural or other specific constraints	25	Minimum per ha per year <u>on average of the area of the beneficiary receiving support</u>
		250(*)	Maximum per ha per year
		300(*) 450(*)	Maximum per ha per year in mountain areas as defined in Article 46(2) <u>33(2)</u>
34(3)	Animal welfare	500	Per LU
35(3)	Forest-Environmental services and forest conservation	200(*)	Per ha per year
38(5)	Crop, animal and plant insurance	65%	Of the insurance premium due
38(5) <u>(4)</u>	Crop, animal and plant insurance	65% <u>75%</u>	Of the insurance premium due
39(5)	Mutual fund for animal and plant diseases and environmental incidents	65%	Of the eligible costs.

39(5)	Mutual fund for <u>adverse climatic events</u> , animal and plant diseases, <u>pest infestations</u> and environmental incidents	65%	Of the eligible costs.
40(5)	Income stabilisation tool	65%	Of the eligible costs

* These amounts may be increased in ~~exceptional~~ **duly substantiated** cases taking into account specific circumstances to be justified in the rural development programmes.

** **This amount may be decreased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.**

ANNEX II

Biophysical criteria for the delimitation of areas facing natural constraints

CRITERION	DEFINITION	THRESHOLD
CLIMATE		
Low Temperature *	Length of Growing Period (number of days) defined by number of days with daily average temperature > 5°C (LGP ₁₅) OR	≤ 180 days
	Thermal-time sum (degree-days) for Growing Period defined by accumulated daily average temperature > 5°C.	≤ 1500 degree-days
Dryness	Ratio of the annual precipitation (P) to the annual potential evapotranspiration (PET)	P/PET ≤ 0.5
CLIMATE AND SOIL		
Excess Soil Moisture	Number of days at or above Field capacity	≥ 230 days
SOIL		
Limited Soil Drainage *	Areas which are water logged for significant duration of the year	Wet within 80cm from the surface for over 6 months, or wet within 40cm for over 11 months OR Poorly or very poorly drained soil OR Gleyic colour pattern within 40cm from the surface
Unfavourable Texture and Stoniness *	Relative abundance of clay, silt, sand, organic matter (weight %) and coarse material (volumetric %) fractions	≥ 15% of topsoil volume is coarse material, including rock outcrop, boulder OR

		<p>Topsoil texture class in half or more (cumulatively) of the 100 cm soil surface is of sand, loamy sand defined as: $\text{silt}\% + (2 \times \text{clay}\%) \leq 30\%$ OR</p> <p>Topsoil texture class is heavy clay ($\geq 60\%$ clay) OR</p> <p>Organic soil (organic matter $\geq 30\%$) of at least 40cm OR</p> <p>Topsoil contains 30% or more texture class of clay, silty clay, sandy clay and there are vertic properties within 100cm of the soil surface</p>
Shallow Rooting Depth	Depth (cm) from soil surface to coherent hard rock or hard pan.	$\leq 30\text{cm}$
Poor Chemical Properties *	Presence in topsoil of salts, exchangeable sodium, excessive acidity	<p>Salinity: ≥ 4 deci-Siemens per meter (dS/m) in topsoil OR</p> <p>Sodicity: ≥ 6 Exchangeable Sodium Percentage (ESP) in half or more (cumulatively) of the 100 cm soil surface layer OR</p> <p>Soil Acidity: $\text{pH} \leq 5$ (in water) in topsoil</p>

TERRAIN		
Steep Slope	Change of elevation with respect to planimetric distance (%).	$\geq 15\%$

* Member States need only check fulfilment of this criterion against those of the thresholds that are relevant to the specific situation of an area.

Horizontal Regulation

A. Article 106 reads as follows:

Article 106

Exchange rate and operative event

1. The prices and amounts referred to in Article 105(2) shall be converted in the Member States which have not adopted the euro into the national currency by means of an exchange rate.
2. The operative event for the exchange rate shall be:
 - (a) the completion of customs import or export formalities in the case of amounts collected or granted in trade with third countries;
 - (b) the event whereby the economic objective of the operation is attained in all other cases.
3. Where a direct payment as provided for in Regulation (EU) No DP/xxx is made to a beneficiary in a currency other than the euro, Member States shall convert the amount of aid expressed in euro into the national currency on the basis of the most recent exchange rate set by the European Central Bank prior to 1 October of the year for which the aid is granted.

By derogation from the first subparagraph, Member States may decide, in duly justified cases, to carry out the conversion on the basis of the average of the exchange rates set by the European Central Bank during the month prior to 1 October of the year for which the aid is granted. Member States choosing that option shall set and publish that average rate before 1 December of that year.

4. As regards EAGF, when drawing up their declarations of expenditure, Member States which have not adopted the euro shall apply the same exchange rate as that which they used to make payments to beneficiaries or receive revenue, in accordance with the provisions of this Chapter.

5. In order to specify the operative event referred to in paragraph 2 or to fix it for reasons peculiar to the market organisation or the amount in question, the Commission shall be empowered to adopt delegated acts in accordance with Article 111 containing rules on those operative events and the exchange rate to be used. The specific operative event shall be determined taking account of the following criteria:
 - (a) actual applicability as soon as possible of adjustments to the exchange rate;
 - (b) similarity of the operative events for analogous operations carried out under the market organisation;
 - (c) coherence in the operative events for the various prices and amounts relating to the market organisation.
 - (d) practicability and effectiveness of checks on the application of suitable exchange rates.

6. In order to avoid the application by the Member States which have not adopted the euro of different exchange rates in accounts of revenue received or aid paid to beneficiaries in a currency other than the euro, on the one hand, and in the establishment of the declaration of expenditure drawn up by the paying agency, on the other, the Commission shall be empowered to adopt delegated acts in accordance with Article 111 containing rules on the exchange rate applicable when declarations of expenditure are drawn up and public storage operations recorded in the accounts of the paying agency.

B. Article 110 was agreed as presented in doc. 11082/1/13 REV 1.

In Annex II, GAEC 7 was deleted.
