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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*)  
*- Presidency consolidated draft Regulation reflecting state of play in informal  
trilogues*

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With a view to the Council ("Agriculture and Fisheries") on 24-25 June 2013 at its session, delegations will find attached in Annex the Presidency consolidated draft Regulation reflecting the state of play in informal trilogues as at 23 May 2013.

Delegations are kindly invited to note that this document will be amended and supplemented as necessary to reflect progress in informal trilogues prior to the session of the Council.

All changes compared to the Commission proposal are marked in ***bold and italics*** and ~~strikethrough~~.

**Draft**

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL  
establishing rules for direct payments to farmers under support schemes within the  
framework of the common agricultural policy**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 42 and Article 43(2) thereof,

Having regard to the 1979 Act of Accession, and in particular paragraph 6 of Protocol No 4 on cotton attached thereto,

Having regard to the proposal from the European Commission<sup>1</sup>,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Having regard to the opinion of the Committee of the Regions<sup>3</sup>,

Having consulted the European Data Protection Supervisor<sup>4</sup>,

Acting in accordance with the ordinary legislative procedure,

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<sup>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> OJ C [...], [...], p. [...].

<sup>4</sup> OJ C [...], [...], p. [...].

Whereas:

## RECITALS

[to be completed at a later stage]

HAVE ADOPTED THIS REGULATION:

## TITLE I SCOPE AND DEFINITIONS

### *Article 1*

#### **Scope**

This Regulation establishes:

- (a) common rules on payments granted directly to farmers under the support schemes listed in Annex I (hereinafter referred to as "direct payments");
- (b) specific rules concerning:
  - (i) a basic payment for farmers (hereinafter referred to as the "basic payment scheme" ***and a transitional simplified scheme (hereinafter referred to as the 'single area payment scheme')***);
    - (ia) a voluntary redistributive payment (hereinafter referred to as the 'redistributive payment')***;
    - (iaa) transitional national aid for farmers***;
  - (ii) a payment for farmers observing agricultural practices beneficial for the climate and the environment;
  - (iii) a voluntary payment for farmers in areas under natural constraints;
  - (iv) a payment for young farmers who commence their agricultural activity;
  - (v) a voluntary coupled support scheme;

- (vi) a crop specific payment for cotton;
- (vii) a simplified scheme for small farmers;
- (viii) a framework to enable Bulgaria, *Croatia* and Romania to complement direct payments.

#### *Article 2*

### **Amendment of Annex I**

***In order to ensure legal certainty, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 ~~for the purpose of amending~~ concerning the amendment of the list of support schemes set out in Annex I, to the extent necessary to take into account new legislative acts on support schemes which may be adopted after the adoption of this Regulation.***

#### *Article 3*

### **Application to the outermost regions and the smaller Aegean islands**

Article 11 shall not apply to the regions of the Union referred to in Article 349 of the ~~Treaty~~ ***TFEU***, (hereinafter referred to as "outermost regions") and to the direct payments granted in the smaller Aegean islands in accordance with Regulation (EC) No 1405/2006.

Titles III, IV and V shall not apply to the outermost regions.

#### *Article 4*

### **Definitions**

1. For the purposes of this Regulation, the following definitions shall apply:

- (a) "farmer" means a 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, whose holding is situated within the ~~Union territory~~ *territorial scope of the TEU and TFEU*, as defined in Article 52 ~~Treaty on European Union~~ *TEU* in conjunction with Articles 349 and 355 of the ~~Treaty on the Functioning of the European Union~~ *TFEU*, and who exercises an agricultural activity;
- (b) "holding" means all the units used for agricultural activities and managed by a farmer situated within the territory of the same Member State;
- (c) "agricultural activity" means:
- *production*, - rearing or growing of agricultural products including harvesting, milking, breeding animals and keeping animals for farming purposes, *or*
  - maintaining the agricultural area in a state which makes it suitable for grazing or cultivation without any particular preparatory action going beyond ~~traditional~~ *usual* agricultural methods and machineries, *based on criteria to be defined by Member States on the basis of a framework established by the Commission*, *or*
  - carrying out a minimum activity, to be established by Member States, on agricultural areas naturally kept in a state suitable for grazing or cultivation;
- (d) "agricultural products" means the products listed in Annex I to the ~~Treaty~~ *TEU and the TFEU*, with the exception of fishery products, as well as cotton;
- (e) "agricultural area" means any area taken up by arable land, permanent grassland *and permanent pasture* or permanent crops;
- (f) "arable land" means land cultivated for crop production or areas available for crop production but laying fallow, including areas set aside in accordance with Articles 22, 23 and 24 of Regulation (EC) No 1257/1999, with Article 39 of Regulation (EC) No 1698/2005 and with Article 29 of Regulation (EU) No [...] [RDR], irrespective of whether or not that land is under greenhouses or under fixed or mobile cover;

- (g) "permanent crops" means non-rotational crops other than permanent grassland *and permanent pasture* that occupy the land for five years or longer and yield repeated harvests, including nurseries and short rotation coppice;
- (h) "permanent grassland" *and permanent pasture* [to be completed at a later stage]
- (i) "grasses or other herbaceous forage" means all herbaceous plants traditionally found in natural pastures or normally included in mixtures of seeds for pastures or meadows in the Member State, (whether or not used for grazing animals);
- (j) "nurseries" means the following areas of young ligneous (woody) plants grown in the open air for subsequent transplantation:
- vine and root-stock nurseries;
  - fruit tree and berries nurseries;
  - ornamental nurseries;
  - commercial nurseries of forest trees (excluding those for the holding's own requirements grown within woodland);

- trees and bushes for planting in gardens, parks, at the roadside and on embankments (e.g. hedgerow plants, rose trees and other ornamental bushes, ornamental conifers), including in all cases their stocks and young seedlings;
- (k) "short rotation coppice" means areas planted with tree species of CN code 06 02 9041 to be defined by Member States that consist of woody, perennial crops, the rootstock or stools remaining in the ground after harvesting, with new shoots emerging in the following season and with a maximum harvest cycle to be determined by the Member States;
- (l) *"sale" means the sale or any other definitive transfer of ownership of land or payment entitlements; it does not include the sale of land where land is transferred to public authorities and/or for use in the public interest and in either case the transfer is carried out for non-agricultural purposes;*
- (m) *"lease" means lease or similar types of temporary transactions;*
- (n) *"transfer" means the lease or sale or actual inheritance or anticipated inheritance of land or payment entitlements or any other definitive transfer.*

2. *In order to ensure legal certainty,* ~~the~~ Commission shall be empowered to adopt delegated acts in accordance with Article 55 ~~establishing for the purposes of:~~

~~(a) laying down further definitions regarding the access to support under this~~  
**Regulation;**

*(aa) the framework within which Member States shall define the criteria to be met by farmers in order to fulfil the obligation to maintain the agricultural area in a state suitable for grazing or cultivation as referred to in point (c) of paragraph 1;*

(b) ~~establishing~~ the framework within which Member States shall define the minimum activities to be carried out on areas naturally kept in a state suitable for grazing or cultivation;

- ~~(e) establishing the criteria to be met by farmers in order to be deemed to have respected the obligation of maintaining the agricultural area in a state suitable for grazing or cultivation as referred to in point (c) of paragraph 1;~~
- (d) **establishing** the criteria to determine the predominance of grasses and other herbaceous forage *and the criteria to determine the established local practices referred to in ~~for~~ the purpose of* point (h) of paragraph 1.

**TITLE II**  
**GENERAL PROVISIONS ON DIRECT PAYMENTS**  
**CHAPTER 1**  
*Common rules on direct payments*

*Article 5*

**Financing of direct payments**

~~The support schemes listed in Annex I to this Regulation shall be financed in accordance with Article 4(1)(b) of Regulation (EU) No [...] [HZR] *Horizontal CAP Regulation and the provisions adopted pursuant to it shall apply in relation to the schemes provided for in this Regulation.*~~

*Article 6*

**National ceilings**

1. For each Member State and each year, the national ceiling comprising the total value of all allocated entitlements, of the national reserve and of the ceilings fixed in accordance with Articles **28b**, 33, 35, 37 and 39 shall be as set out in Annex II.



*Where a Member State makes use of the increase provided for in the second sub-paragraph of Article 19(1), the ceiling set out in Annex II for that Member State for the respective year may be exceeded by the amount calculated in accordance with the second sub-paragraph of Article 19(1).*

- 1a. By way of derogation from paragraph 1, for each Member State applying the single area payment scheme and each year, the national ceiling comprising the ceilings fixed in accordance with Articles 28c, 33, 35, 37 and 39 shall be as set out in Annex II.*
2. In order to take account of the developments relating to the total maximum amounts of direct payments that may be granted, including those resulting from the decisions to be taken by the Member States in accordance with Article 14 **and those resulting from the application of the second paragraph of Article 17b**, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 ~~for the purpose of reviewing~~ the national ceilings set out in Annex II.

#### *Article 7*

#### **Net ceilings**

1. Without prejudice to Article 8, the total amount of direct payments which may be granted in a Member State pursuant to Titles III, IV and V in respect of a calendar year, after application of Article 11, shall not be higher than the ceilings set out in Annex III to this Regulation.

~~In order to avoid that~~ **Where** the total amount of direct payments **to be granted would be is** higher than the ceilings set out in Annex III, Member States shall make a linear reduction in the amounts of all direct payments with the exception of direct payments granted under Regulations (EC) No 247/2006 and (EC) No 1405/2006.

2. For each Member State and each year, the estimated product of capping as referred to in Article 11, which is reflected by the difference between the national ceilings set out in Annex II, to which is added the amount available in accordance with Article 44, and the net ceilings set out in Annex III, is made available as Union support for measures under rural development programming financed under the EAFRD as specified in Regulation (EU) No [...] [RDR].
3. *In order to take account of the developments relating to the total maximum amounts of direct payments that may be granted, including those resulting from the decisions taken by the Member States in accordance with Article 14, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 for the purpose of reviewing the ceilings set out in Annex III.*

#### *Article 8*

#### **Financial discipline**

1. [to be completed at a later stage]
2. ~~In the framework of the gradual introduction of direct payments as provided for in Article 16,~~ Paragraph 1 of this Article shall apply to Bulgaria and Romania as from 1 January 2016, *following the gradual introduction of direct payments provided for in Article 16, and to Croatia as from 1 January 2022, following the gradual introduction of direct payments provided for in Article 16a.*

3. *In order to ensure the correct application of the adjustments of direct payments with respect to financial discipline,* ~~The Commission shall be empowered to adopt delegated acts in accordance with Article 55 **concerning laying down** rules on the basis for calculation of reductions to be applied by Member States to farmers pursuant to paragraphs 1 **and 2** of this Article.~~

*Article 9*

**Active farmer**

1. No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, ~~in cases where one of the following applies: whose agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and who do not carry out on those areas the minimum activity established by Member States in accordance with Article 4(1)(c).~~

~~(a) the annual amount of direct payments is less than 5 % of the total receipts they obtained from non-agricultural activities in the most recent fiscal year; or~~

~~(b) their agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and they do not carry out on those areas the minimum activity established by Member States in accordance with Article 4(1)(c).~~

2. ~~Paragraph 1 shall not apply to farmers who received less than EUR 5 000 of direct payments for the previous year.~~

*[Member States may decide that] 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, sport and recreational grounds, [hunting estates], [fishing and aquaculture estates], camping sites, [mining activities].*

*Where appropriate, Member States may, on the basis of objective and non-discriminatory criteria, add any other similar non-agricultural businesses or activities to those listed in the first sub-paragraph, and may subsequently withdraw such additions.*

*A person or group referred to in the first or second sub-paragraph shall, however, be regarded as active farmer if it provides verifiable evidence, as required by Member States, which demonstrates that:*

- (i) the annual amount of direct payments is at least 5% of the total receipts it obtained from non-agricultural activities in the most recent fiscal year for which such evidence is available; and/or*
- (ii) its agricultural activities are not insignificant; and/or*
- (iii) its principal business or company objects consist of exercising an agricultural activity.*

3. *In addition, Member States may decide, on the basis of objective and non-discriminatory criteria, that no direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons:*

- (i) whose agricultural activities form only an insignificant part of their overall economic activities, and/or*
- (ii) whose principal activity or company objects do not consist in exercising an agricultural activity.*

4. *Paragraphs 2 and 3 shall not apply to farmers who only received direct payments not exceeding a certain amount in the previous year. Such amount shall be fixed by Member States on the basis of objective criteria such as their national or regional specificities and shall not exceed an amount of EUR 5 000.*
5. *In order to guarantee the protection of the rights of farmers, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 ~~for the purposes of of laying down~~ concerning:*
- ~~(a) criteria to establish the amount of direct payments relevant for the purpose of paragraphs 1 and 2, in particular in the first year of allocation of payment entitlements where the value of the payment entitlements is not yet definitively established as well as for new farmers;~~
- ~~(b) exceptions from the rule that the receipts during the most recent fiscal year are to be taken into account where those figures are not available; and~~
- ~~(ea) criteria to establish *the cases when* where a farmer's agricultural area is to be considered as mainly *an* areas naturally kept in a state suitable for grazing or cultivation;;~~
- (b) criteria to establish the distinction between receipts resulting from agricultural and non-agricultural activities, and the amount of direct payments relevant for the purpose of paragraph 2 and 4, in particular in the first year of allocation of payment entitlements where the value of the payment entitlements is not yet definitively established, as well as for new farmers;*

*(c) criteria to be met by farmers in order to prove for the purposes of paragraphs 2 and 3 that their agricultural activities are not insignificant and that their principal business or company objects consist of exercising an agricultural activity.*

*6. Member States shall notify the Commission of their decision referred to in paragraphs 2, 3 and 4 by 1 August 2013 and, in case of modifications, within two weeks of the date on which the decision is taken.*

#### *Article 10*

### **Minimum requirements for receiving direct payments**

1. Member States shall decide not to grant direct payments to a farmer in one of the following cases:
  - (a) where the total amount of direct payments claimed or due to be granted before the ~~reductions and exclusions provided for in application of~~ Article 65 of Regulation (EU) No [...] [HZR] in a given calendar year is less than EUR 100;
  - (b) where the eligible area of the holding for which direct payments are claimed or due to be granted before the ~~reductions and exclusions provided for in application of~~ Article 65 of Regulation (EU) No [...] [HZR] is less than one hectare.

In order to take account of the structure of their agricultural economies, Member States may adjust the thresholds ~~referred to set out~~ in points (a) and (b) within the limits set out in Annex IV.

2. ~~Where farmers receiving the animal-related coupled support referred to in Title IV hold fewer hectares than the A Member State which has decided to apply an area threshold selected by a Member State for the purposes of~~ *under* point (b) of paragraph 1, ~~that Member State shall nevertheless apply point (a) of that paragraph to those farmers receiving the animal-related coupled support referred to in Title IV who hold fewer hectares than the area threshold.~~
3. The Member States concerned may decide not to apply paragraph 1 in the outermost regions and in the smaller Aegean Islands.
4. In Bulgaria and Romania, for the years 2014 and 2015, the amount claimed or due to be granted as referred to in paragraph 1 shall be calculated on the basis of the amount set out in *point A of Annex V* ~~∓A~~ for the corresponding year. *In Croatia, for the years 2014-2021, the amount claimed or due to be granted as referred to in paragraph 1 shall be calculated on the basis of the amount set out in point A of Annex Va.*

*Article 11*

**Progressive reduction and capping of the payment**

[to be completed at a later stage]

*Article 12*

**Multiple claims**

The area corresponding to the number of eligible hectares in respect of which an application for a basic payment has been submitted by a farmer pursuant to Chapter 1 of Title III may be the subject of an application for any other direct payment as well as for any other aid not covered by this Regulation, save as explicitly provided otherwise in this Regulation.

*Article 13*

**State aid**

By way of derogation from Article 146(1) of Regulation [sCMO], Articles 107, 108 and 109 of the ~~TFEU~~**reaty** shall not apply to payments made by Member States ~~pursuant to and~~ in conformity with this Regulation.

*Article 14*

**Flexibility between pillars**

1. Before 1 August 2013, Member States may decide to make available as additional support for measures under rural development programming financed under the EAFRD as specified under Regulation (EU) No [...] [RDR], up to ~~10~~ **[15%]** of their annual national ceilings for calendar years 2014 to 2019 as set out in Annex II to this Regulation. As a result, the corresponding amount shall no longer be available for granting direct payments.



The decision referred to in the first sub-paragraph shall be notified to the Commission by ~~the date referred to in that sub-paragraph~~ *1 August 2013. That decision shall set out* ~~The percentage notified as referred to in accordance with the second that~~ sub-paragraph *which may vary by shall be the same for calendar year the years referred to in the first* ~~sub-paragraph.~~

*Member States may decide to review the decision in this paragraph with effect from calendar year 2018. Such review shall not result in a decrease of the percentage notified to the Commission in accordance with the previous sub-paragraph. Member States shall notify the Commission of any such decision on review by 1 August 2017.*

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.

The decision referred to in the first sub-paragraph shall be notified to the Commission by ~~the date referred to in that sub-paragraph~~ *1 August 2013. That decision shall set out* ~~The percentage notified as referred to in accordance with the second that~~ sub-paragraph *which may vary by shall be the same for calendar year the years referred to in the first* ~~sub-paragraph of paragraph 1.~~

*Member States may decide to review the decision in this paragraph with effect for financial years 2019 and 2020. Such review shall not result in an increase of the percentage notified to the Commission in accordance with the previous sub-paragraph. Member States shall notify the Commission of any such decision on review by 1 August 2017.*

*Article 15*

**Review**

Support schemes listed in Annex I shall apply without prejudice to a possible review at any time *by a legislative act or delegated act adopted in accordance with Article 55 or implementing act adopted in accordance with Article 56* in the light of economic developments and the budgetary situation.

**CHAPTER 2**

**Provisions applying to Bulgaria, Croatia and Romania**

*Article 16*

**Gradual introduction of direct payments in Bulgaria and Romania**

In Bulgaria and Romania, the national ceilings for payments referred to in Articles *28b*, 33, 35, 37, 39 and 51 shall in 2014 and 2015 be established on the basis of the amounts set out *in point A of Annex V.A*.

*Article 16a*

**Gradual introduction of direct payments in Croatia**

*In Croatia, direct payments shall be introduced in accordance with the following schedule of increments expressed as a percentage of the corresponding level of the direct payments as applied from 2022:*

- 25 % in 2013,*
- 30 % in 2014,*
- 35 % in 2015,*
- 40 % in 2016,*
- 50 % in 2017,*
- 60 % in 2018,*
- 70 % in 2019,*
- 80 % in 2020,*
- 90 % in 2021,*
- 100 % as from 2022.*

*Article 17*

**Complementary national direct payments and direct payments in Bulgaria and Romania**

1. In 2014 and 2015, Bulgaria and Romania may use national direct payments in order to complement payments granted under the basic payment scheme referred to in Chapter 1 of Title III and, in the case of Bulgaria, also to complement payments granted under the crop specific payment for cotton referred to in Chapter 2 of Title IV.
2. The total amount of complementary national direct payments to the basic payment scheme which may be granted in respect of 2014 and 2015 shall not exceed the amounts set out in *point B of Annex V* for each of those years.

3. For Bulgaria, the total amount of complementary national direct payments to the crop specific payment for cotton *which may be granted in respect of 2014 and 2015* shall not exceed the amounts set out in *point C of Annex V* € for each of ~~those years referred to in that Annex.~~
4. Complementary national direct payments shall be granted in accordance with objective criteria and in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions.

*Article 17a*

**Complementary national direct payments for Croatia**

1. *Croatia may complement, subject to authorisation by the Commission, any of the support schemes listed in Annex I, where relevant.*
2. *The complementary amount which may be granted in a given year and for a given support scheme shall be limited by a specific financial envelope. This envelope shall be established as the difference between:*
  - (a) *the amount of direct support available per support scheme concerned after the full introduction of direct payments in accordance with Article 16a for the calendar year 2022*
  - and*
  - (b) *the amount of direct support available per support scheme concerned after the application of the schedule of increments in accordance with Article 16a in the year concerned.*

3. *The total amount of complementary national direct payments granted shall not be higher than the ceiling set out in point B of Annex Va for a corresponding calendar year.*
4. *Croatia may decide, on the basis of objective criteria and after authorisation by the Commission, on the amounts of complementary national aid to be granted.*
5. *The authorisation by the Commission under this Article shall specify the relevant support schemes and define the level up to which the complementary national direct payments may be paid.*

*As regards complementary national direct payments intended to complement the voluntary coupled support referred to in Chapter 1 of Title IV, the authorisation shall also specify the specific types of farming or the specific agricultural sectors referred to in Article 38(2) to which the complementary national direct payments may relate.*

*The authorisation shall be given by means of an implementing act adopted without applying the procedure referred to in Article 56(2) or (3).*

6. *The eligibility conditions for complementary national direct payments for Croatia shall be those for support under corresponding support schemes as laid down in this Regulation.*
7. *Complementary national direct payments for Croatia shall be subject to any adjustments which may be rendered necessary by developments in the Common Agricultural Policy. They shall be granted in accordance with objective criteria and in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions.*

8. *Croatia shall submit a report providing information on the measures for the implementation of the complementary national direct payments before 30 June of the year following their implementation. The report shall cover at least the following:*
- (a) any changes in the situation affecting the complementary national direct payments;*
  - (b) for each complementary national direct payment, the numbers of beneficiaries, the total amount of complementary national aid granted, as well as the hectares, the number of animals or other units for which the aid has been granted;*
  - (c) a report on control measures applied in relation to the complementary national direct payments granted.*

Article 17b

**Special national de-mining reserve for Croatia**

1. *From 2014 onwards, Croatia shall notify the Commission no later than 31 January every year of the areas which have been identified in accordance with Article 57a(10) of Regulation (EC) No 73/2009 and which were returned to use for agricultural activities in the previous calendar year.*

*Croatia shall also notify the number of payment entitlements available to farmers on 31 December of the previous calendar year, as well as the amount remained unspent in the special national de-mining reserve at the same date.*

*Where applicable, the notifications provided in the first and second sub-paragraphs shall be made per region as defined in accordance with Article 20(1).*

2. *The Commission shall calculate on a yearly basis the amount to be added to the amounts set for Croatia in Annex II, when reviewing that Annex pursuant to Article 6(2), in order to finance the support to be granted under the schemes listed in Annex I for the areas referred to in the first sub-paragraph of paragraph 1 of this Article. This amount shall be calculated on the basis of the data notified by Croatia in accordance with paragraph 1 and the estimated average direct payments per hectare in Croatia for the year concerned.*

*The maximum amount to be added in accordance with the first sub-paragraph, on the basis of all the areas notified by Croatia in accordance with paragraph 1 of this Article until 2022, shall be EUR 9 600 000 and shall be subject to the schedule of introduction of direct payments in accordance with Article 16a, as set out in Annex Vb.*

- 3. The Commission shall, by means of implementing acts, set the share of the amount to be added in accordance with paragraph 2 which Croatia shall include in the special national de-mining reserve in order to allocate payment entitlements for the areas referred to in the first sub-paragraph of paragraph 1. This share shall be calculated on the basis of the ratio between the basic payment ceiling and the amount set in Annex II before its increase in accordance with paragraph 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).*
  
- 4. For the years 2014 to 2022, Croatia shall use the special national de-mining reserve to allocate payment entitlements to farmers on the basis of de-mined land declared by the farmers in the year in question under the following conditions:*
  - (a) such land is eligible within the meaning of Article 25(2),*
  - (b) the land in question was returned to use for agricultural activities during the previous calendar year,*
  - (c) the land has been notified to the Commission in accordance with paragraph 1 of this Article.*

5. *The value of the payment entitlements established under this Article shall be the national or regional average value of payment entitlements in the year of allocation within the limits of the amount available in the special national de-mining reserve.*
6. *In order to take account of the consequences of the return of de-mined land to use for agricultural activities as notified by Croatia in accordance with of this Article, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 adapting the amounts set out in Annex Va.*

### **TITLE III**

## **BASIC PAYMENT SCHEME, *SINGLE AREA PAYMENT SCHEME* AND RELATED PAYMENTS**

### **CHAPTER 1**

#### **Basic payment scheme *and single area payment scheme***

#### **Section 1**

#### **Setting up of the basic payment scheme**

##### *Article 18*

#### **Payment entitlements**

[to be completed at a later stage]

##### *Article 19*

#### **Basic payment scheme ceiling**

[to be completed at a later stage]

##### *Article 20*

#### **Regional allocation of the national ceilings**

[to be completed at a later stage]



*Article 21*

**First allocation of payment entitlements**

[to be completed at a later stage]

*Article 22*

**Value of payment entitlements and convergence**

[to be completed at a later stage]

**Section 2**

**National reserve**

*Article 23*

**Establishment and use of the national reserve**

[to be completed at a later stage]

*Article 24*

**Replenishment of the national reserve**

1. The national *or regional* reserve ***shall be*** ~~is~~ replenished by amounts resulting from:
  - (a) payment entitlements not giving right to payments during two consecutive years due to the application of:
    - (i) Article 9;
    - (ii) Article 10(1)
    - (iii) Article 11(3).***

- (b) ~~any~~ **a number of** payment entitlements *equivalent to the total number of payment entitlements* which ~~has~~ **have** not been activated *by a farmer* in accordance with Article 25 for a period of two *consecutive* years, except in the case of *force majeure* or exceptional circumstances. *For the purpose of establishing the entitlements held by a farmer that shall be reverted to the national or regional reserve, the entitlements having the lowest value shall be given priority;*
- (c) payment entitlements voluntarily reverted by farmers;
- (d) the application of Article 22(4);
- (e) *unduly allocated payment entitlements in accordance with Article 65 of Regulation (EU) No [...] [HZR].*
- (f) *a linear reduction of the value of payment entitlements under the basic payment scheme at national or regional level where the national or regional reserve is not sufficient to cover the cases referred to in Article 23(7);*
- (g) *the application of Article 27(2a).*

2. The Commission shall, by means of implementing acts, adopt necessary measures regarding the reversion of non-activated payment entitlements to the national *or regional* reserve. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

### Section 3

#### Implementation of the basic payment scheme

*Article 25*

**Activation of payment entitlements**

1. Support under the basic payment scheme shall be granted to farmers upon activation, by means of declaration in accordance with Article 26(1), of a payment entitlement per eligible hectare in the Member State where it has been allocated. Activated payment entitlements shall give a right to the annual payment of the amounts fixed therein, without prejudice to the application of financial discipline, progressive reduction and capping, linear reductions in accordance with Article 7, *Article 37(2)* and *Article 51(1)*, and ***to the application of Article 65 of any reductions and exclusions imposed pursuant to*** Regulation (EU) No [...] [HZR].
  
2. For the purposes of this Title, 'eligible hectare' shall mean:
  - (a) any agricultural area of the holding that is used for an agricultural activity or, where the area is used as well for non-agricultural activities, predominantly used for agricultural activities ***including areas that were not in good agricultural condition on 30 June 2003 in Member States acceding to the Union on 1 May 2004 that opted upon accession to apply the single area payment scheme***; or
  
  - (b) any area which gave a right to payments in 2008 under the single payment scheme or the single area payment scheme laid down, respectively, in Titles III and ~~in Chapter 2 of Title IV a~~ V of Regulation (EC) No ~~73/2009-1782/2003~~, and which:
    - (i) no longer complies with the definition of 'eligible *hectare*' under point (a) as a result of the implementation of Directive 92/43/EEC, 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<sup>1</sup> and Directive 2009/147/EC; or

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<sup>1</sup> OJ L 327, 22.12.2000, p. 1.

(ii) for the duration of the relevant commitment by the individual farmer, is afforested pursuant to Article 31 of Regulation (EC) No 1257/1999 or to Article 43 of Regulation (EC) No 1698/2005 *or to Article 23 of Regulation (EU) No [...] [RDR]* or under a national scheme the conditions of which comply with Article 43(1), (2) and (3) of Regulation (EC) No 1698/2005 *or ~~and~~ Article 23 of Regulation (EU) No [...] [RDR]*; or

(iii) for the duration of the relevant commitment of the individual farmer, is set aside pursuant to Articles 22, 23 and 24 of Regulation (EC) No 1257/1999 or to Article 39 of Regulation (EC) No 1698/2005 and Article 29 of Regulation (EU) No [...] [RDR].

For the purposes of point (a) of the first sub-paragraph, :

**(i)** where an agricultural area of a holding is also used for non-agricultural activities, that area shall be considered to be used predominantly for agricultural activities provided that those agricultural activities can be exercised without being significantly hampered by the intensity, nature, duration and timing of the non-agricultural activities.

***[(ii) Member States may draw up a list with areas which are predominantly used for non agricultural activities.]***

Member States shall establish criteria for the implementation of ~~this~~ ***the first and second*** sub-paragraphs on their territory.

In order to be eligible, areas must comply with the definition of eligible hectare throughout the calendar year, except in the case of *force majeure* or exceptional circumstances.

***For the purposes of determining ‘eligible hectare’, Member States deciding to include hectares of permanent grassland where grasses and other herbaceous forage are traditionally not predominant in grazing areas, as referred to in Article 4(1)(h), may apply a reduction coefficient to convert those hectares into ‘eligible hectares’.***

3. Areas used for the production of hemp shall only be eligible hectares if the varieties used have a tetrahydrocannabinol content not exceeding 0,2 %.

#### *Article 26*

#### **Declaration of eligible hectares**

1. For the purposes of ~~Article 25(1)~~ *the activation of payment entitlements provided for in Article 25 (1)*, the farmer shall declare the parcels corresponding to the eligible hectares accompanying any payment entitlement. Except in the case of *force majeure* or exceptional circumstances, those parcels shall be at the farmer's disposal on a date fixed by the Member State which shall be no later than the date fixed in that Member State for amending the aid application as referred to in Article 73(1) of Regulation (EU) No [...] [HZR].
2. Member States may, in duly justified circumstances, authorise the farmer to modify his declaration provided that he maintains at least the number of hectares corresponding to his payment entitlements and respects the conditions for granting the basic payment for the area concerned.

*Article 27*

**Transfer of payment entitlements**

1. Payment entitlements may be transferred only to a farmer ***entitled to be granted direct payments in accordance with Article 9*** established within the same Member State, except in the case of transfer by actual or anticipated inheritance.

However, even in the case of actual or anticipated inheritance, payment entitlements may be used only in the Member State where the payment entitlements were established.

***The reversion of entitlements upon expiry of a lease does not constitute a "transfer" in accordance with Article(4)(1)(n).***

2. [to be completed at a later stage]

- 2a.* [to be completed at a later stage]

3. The Commission shall, by means of implementing acts, ~~adopt~~ ***lay down necessary requirements related to the modalities of*** the notification of transfer of payment entitlements ***which farmers have to make*** to the national authorities and the deadlines within which such notification is to take place. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

*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,*** ~~the~~ The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning:

- (a) rules on eligibility and the access in respect of the basic payment scheme of farmers, in case of inheritance and anticipated inheritance, inheritance under a lease, change of legal status or denomination, *transfer of payment entitlements* and in the case of merger or scission of the holding;
- (b) rules on the calculation of the value and number or on the increase or reduction in the value of payment entitlements in relation to the allocation of payment entitlements under any provision of this Title, including rules:
  - (i) on the possibility of a provisional value and number or of a provisional increase of payment entitlements allocated on the basis of the application from the farmer,
  - (ii) on the conditions for establishing the provisional and definitive value and number of the payment entitlements,
  - (iii) on the cases where a sale or lease contract could affect the allocation of payment entitlements.
- (c) rules on the establishment and calculation of the value and number of payment entitlements received from the national reserve;
- (d) rules on the modification of the unit value of payment entitlements in the case of fractions of payment entitlements and in the case of ;
- (e) [to be completed at a later stage]
- [(ea)* [to be completed at a later stage]
- (f) criteria for the allocation of payment entitlements pursuant to in Article 23(4) and (5);
- (g) rules on the *content of the* declaration and *the requirements for the* activation of payment entitlements;
- (ga) criteria for setting the reduction coefficient referred to in fifth sub-paragraph of Article 25(2);*
- (h) rules making the granting of payments conditional upon the use of certified seeds of certain hemp varieties and laying down the procedure for the determination of hemp varieties and the verification of their tetrahydrocannabinol content referred to in Article 25(3);

**CHAPTER 1a**  
**REDISTRIBUTIVE PAYMENT**

**Article 28a**  
**General rules**

1. *Member States may decide by 1 August of any given year to grant as from the following year an annual payment to farmers who are entitled to a payment under the basic payment scheme referred to in Chapter 1 or under the single area payment scheme referred to in Section 4.*

*Member States shall notify the Commission of their decision by the date referred to in the first sub-paragraph.*

2. *Member States which have decided to apply the basic payment scheme at regional level in accordance with Article 20 may apply the payment referred to in this Chapter at regional level.*
3. *Without prejudice to the application of financial discipline, progressive reduction and capping, linear reductions as referred in Article 7, and the application of Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 of this Article shall be granted annually upon activation of payment entitlements by the farmer, or upon declaration of eligible hectares by the farmer under the single area payment scheme.*



4. *The payment referred to in paragraph 1 shall be calculated each year by Member States by multiplying a figure to be set by the Member State which shall not be higher than 65 % of the national or regional average payment per hectare by the number of payment entitlements that the farmer has activated in accordance with Article 26(1), or by the number of eligible hectares declared by the farmer under the single area payment scheme. The number of such payment entitlements or hectares shall not be higher than [30 / 50] hectares or the average size of agricultural holdings as set out in Annex VI if that average size is higher than [30 / 50] hectares in the Member State concerned.*

*Provided the maximum limits set out in the first sub-paragraph are respected, Member States may, at national level, establish a graduation within the number of hectares set in accordance with that sub-paragraph, which shall apply identically to all farmers.*

*The national average payment per hectare referred to in the first sub-paragraph shall be established by the Member States on the basis of the national ceiling set in Annex II for calendar year 2019 and the number of eligible hectares declared in accordance with Article 26 or under the single area payment scheme in 2014.*

*The regional average payment per hectare referred to in the first sub-paragraph shall be established by the Member States by using a share of the national ceiling set in Annex II for calendar year 2019 and the number of eligible hectares declared in the concerned region in accordance with Article 26 in 2014. For each region, this share shall be calculated by dividing the respective ceiling as established in accordance with Article 20(2) by the ceiling determined according to Article 19(1), after application of the linear reduction provided for in Article 23(1) in case Article 23(2) is not applied.*

5. *Member States shall ensure that no payment is made to farmers for whom it is established that, as from 19 October 2011, they divide their holding with the sole purpose of benefiting from the redistributive payment. This shall also apply to farmers whose holdings result from that division.*

*Article 28b*

*Financial provisions*

1. *In order to finance the payment referred to in this Chapter, Member States may use up to 30 % of the annual national ceiling set out in Annex II.*
2. *On the basis of the percentage of the national ceiling to be used by Member States pursuant to paragraph 1, the Commission shall, by means of implementing acts, fix the corresponding ceilings for that payment on a yearly basis. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).*

**SECTION 4**  
**SINGLE AREA PAYMENT SCHEME**

**Article 28c**  
**Single area payment scheme**

- 1. Member States applying in the year 2013 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 2013] their decision and the end date of such application.**

**During the period of application of the single area payment scheme, sections 1, 2 and, with the exception of Article 25(2) and Article 25(3), section 3 of this Chapter shall not apply to these Member States.**

- 1a. The single area payment shall be granted on an annual basis for each eligible hectare declared by the farmer in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR]. It shall be calculated each year by dividing the annual financial envelope established in accordance with paragraph 2 of this Article by the total number of eligible hectares declared in the respective Member State in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR].**
- 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)(b), 68(1)(c), 126, 127 and 129 of Regulation (EC) No 73/2009 in the year 2013.**

*For Cyprus the aid may be differentiated taking into account the sector specific financial envelopes as set out in Annex XVIIa of Regulation (EC) No 73/2009 provided that no aid pursuant to Article 28ca is granted in such a sector.*

- 2. For each Member State applying the single area payment scheme, the Commission shall, by means of implementing acts, set the annual national ceiling for the single area payment scheme by deducting from the annual national ceiling established in Annex II the annual amounts to be set in accordance with Articles 28b, 33, 35, 37 and 39. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).*
- 3. Except in the case of force majeure or exceptional circumstances, the hectares referred to in paragraph 1a shall be at the farmer's disposal on a date fixed by the Member State which shall be no later than the date fixed in that Member State for amendment of the aid application as referred to in Article 73(1)(a) of Regulation (EU) No [...] [HZR].*
- 4. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning rules on eligibility and the access in respect of the single area payment scheme of farmers.*

#### *Article 28ca*

#### *Transitional National Aid*

- 1. The Member States applying the single area payment scheme according to Article 28c may decide to grant transitional national aid in 2015-2020.*
- 2. The transitional national aid may be granted to farmers in sectors in respect of which this aid, or in the case of Bulgaria and Romania, Complementary National Direct Payments were granted in 2013.*

3. *The conditions for granting the aid shall be identical to those authorised for the granting of payments pursuant to Articles 132(7) or 133a of Regulation (EC) 73/2009 in respect of 2013, with exception of the reduction of the payments applied due to the modulation according to Article 7 and 10 of that Regulation.*
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:*
- *70% in 2015*
  - *60% in 2016*
  - *50% in 2017*
  - *40% in 2018*
  - *30% in 2019*
  - *20% in 2020*

*For Cyprus this percentage shall be calculated on the basis of the sector specific financial envelopes as set out in Annex XVIIa of Council Regulation (EC) 73/2009.*

5. *Paragraphs 2 and 3 shall not apply to Cyprus.*
6. *Member State shall notify the decisions referred to in paragraph 1 to the Commission in the latest by 31 March each year. The notification shall include the following:*
- (a) *the financial envelope per each sector*
  - (b) *the maximum rate of transitional national aid where appropriate.*
7. *Member States may decide, on the basis of objective criteria and within the limits pursuant to paragraph 4, on the amounts of transitional national aid to be granted.*

**SECTION 5**  
**IMPLEMENTATION OF THE BASIC PAYMENT SCHEME IN THE MEMBER STATES**  
**HAVING APPLIED THE SINGLE AREA PAYMENT SCHEME**

*Article 28d*

*Introduction of the basic payment scheme in the Member States having applied  
the single area payment scheme*

*Save as otherwise provided for in this section, this Title shall apply to the Member States having applied the single area payment scheme provided for in section 4 of this Chapter.*

*Article 21 and 22 shall not apply.*

*Article 28e*

*First allocation of payment entitlements*

- 1. Payment entitlements shall be allocated to farmers entitled to be granted direct payments in accordance with Article 9 if they apply for allocation of payment entitlements under the basic payment scheme by a date to be set in accordance with point (d) of Article 78 of Regulation (EU) No... [HZR] in the first year of implementation of the basic payment scheme, except in case of force majeure or exceptional circumstances. Entitlements shall only be allocated to [farmers, provided they comply with at least one of the following conditions:]*
  
- [2. Member States may decide that in the first year of application of the Basic Payment Scheme payment entitlements shall be allocated only to farmers who fulfil at least one of the following conditions as chosen by the Member States:]*
  - a) in 2011 [or in the year immediately preceding the transition to the basic payment scheme], they received direct payments or complementary national direct payments, or, in the case of Cyprus, state aid, in accordance with Regulation (EC) No 73/2009;*

- b) did not receive in 2011 support referred to in point a) and had only agricultural land that was not in good agricultural condition on the 30 June 2003 as provided for in Article 124(1) of Regulation (EC) No 73/2009.*
- 3. Except in the case of force majeure or exceptional circumstances, the number of payment entitlements allocated per farmer shall be equal to the number of eligible hectares, within the meaning of Article 25(2), the farmer declares in accordance with Article 73(1)(a) of Regulation (EU) No [...] [HZR] for the first year of application of the basic payment scheme.*
- 4. The Commission shall be empowered to adopt delegated acts in accordance with Article 55 for the purpose of laying down further rules on the introduction of the basic payment scheme in Member States having applied the single area payment scheme.*
- 5. The Commission shall, by means of implementing acts, adopt rules on applications for allocation of payment entitlements submitted in the year of allocation of payment entitlements where those payment entitlements may not be definitively established yet and where that allocation is affected by specific circumstances.*

*Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).*

#### *Article 28f*

##### *Value of payment entitlements*

- 1. [In the first year of implementation of the basic payment scheme,] [For each relevant year], the Member States shall calculate the unit value of payment entitlements [for each relevant year] by dividing the national or regional ceiling established under Article 19 or 20, after application of the linear reduction provided for in Article 23(1) or, where applicable, in Article 23(2), by the number of payment entitlements allocated at national or regional level according to Article 28e in the [relevant] [first] year of implementation of the basic payment scheme.*

2. *In the first year of implementation of the basic payment scheme, Member States may limit the calculation of the unit value of payment entitlements provided for in paragraph 1 to an amount corresponding to no less than [40/10]% of the national or regional ceiling established 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).*

*Member States making use of the possibility provided for in the preceding sub-paragraph 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 farmer under the basic payment scheme is lower than the total value of aid, excluding aids pursuant to Articles 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.*

*To this end, the national or regional unit value of each of the payment entitlements of the farmer concerned shall be increased by a share of the difference between the total value of payment entitlements under the Basic Payment Scheme calculated in accordance with the first sub-paragraph of paragraph 2 and the total value of aid, excluding aids pursuant to Articles 29, 34, 36, and Title IV, received by that farmer in accordance with this Regulation in the calendar year immediately preceding transition to the basic payment scheme.*

3. *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 payment entitlements in accordance with objective and non-discriminatory criteria. [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.]*



## CHAPTER 2

### Payment for agricultural practises beneficial for the climate and the environment

#### *Article 29*

##### **General rules**

[to be completed at a later stage]

#### *Article 30*

##### **Crop diversification**

[to be completed at a later stage]

#### *Article 31*

##### **Permanent grassland**

[to be completed at a later stage]

#### *Article 32*

##### **Ecological focus area**

[to be completed at a later stage]

#### *Article 33*

##### **Financial provisions**

1. In order to finance the payment referred to in this Chapter, Member States shall use 30 % of the annual national ceiling set out in Annex II.
2. Member States shall apply the payment referred to in this Chapter at national *level*.

~~or, w~~When applying Article 20, *Member States may decide to apply the payment* at regional level. In *such* case, ~~of application at regional level, Member States~~ *they* shall use in each region a share of the ceiling set pursuant to paragraph 3. For each region, this share shall be calculated by dividing the respective regional ceiling as established in accordance with Article 20(2) by the ceiling determined *in accordance*~~ing with~~ ~~to~~ Article 19(1), *after deduction of the national reserve in case Article 23(2) is not applied.*

3. The Commission shall, by means of implementing acts, set out the corresponding ceiling for the payment referred to in this Chapter on a yearly basis. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

### CHAPTER 3

#### Payment for areas with natural constraints

##### *Article 34*

#### General rules

1. Member States may grant a payment to farmers entitled to a payment under the basic payment scheme *or the single area payment scheme* referred to in Chapter 1 and whose holdings are fully or partly situated in areas with natural constraints designated by Member States in accordance with Article 33(1) of Regulation (EU) No [...] [RDR].
2. Member States may decide to grant the payment referred to in paragraph 1 to all areas falling within the scope of that paragraph or, alternatively, and on the basis of objective and non-discriminatory criteria, to restrict the payment to some of the areas *designated by Member States in accordance with* ~~referred to in~~ Article 33(1) of Regulation (EU) No [...] [RDR].

3. Without prejudice to paragraph 2 and to the application of financial discipline, progressive reduction and capping, linear reduction ~~as referred in in accordance with~~ Article 7, and ~~any reductions and exclusions imposed pursuant to the application of~~ Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 *of this Article*. It shall be granted annually per eligible hectare situated in the areas to which *a* Member States *has* decided to grant a payment in accordance with paragraph 2 of this Article and shall be paid upon activation of payment entitlements on those hectares held by the farmer concerned *or, in Member States applying Article 28c, for those eligible hectares which are declared under the single area payment scheme*.
4. The payment per hectare referred to in paragraph 1 shall be calculated by dividing the amount resulting from the application of Article 35 by the number of eligible hectares declared in *accordance with according to* Article 26(1) *or, in Member States applying Article 28c, by the number of eligible hectares declared under the single area payment scheme* which are situated in the areas to which *a* Member States *has* decided to grant a payment in accordance with paragraph 2 of this Article.

*Member States may on the basis of objective and non-discriminatory criteria also set a maximum number of hectares per holding for which support under this Chapter can be granted.*

5. Member States may apply the payment referred to in ~~this Chapter paragraph 1~~ at regional level under the conditions laid down in this paragraph. ~~In that case, Member States shall define provided they determined~~ the regions *concerned* in accordance with objective and non-discriminatory criteria ~~such as and, in particular,~~ their natural constraint characteristics *including severity of the constraints*, and agronomic conditions.

Member States shall divide the national ceiling referred to in Article 35(1) between the regions in accordance with objective and non-discriminatory criteria.

The payment at regional level shall be calculated by dividing the regional ceiling calculated in accordance with the ~~third~~ *second* sub-paragraph by the number of eligible hectares declared *in accordance with* ~~according to~~ Article 26(1) *or, in Member States applying Article 28c, by the number of eligible hectares declared under the single area payment scheme* which are situated in the areas to which *a* Member States *has* decided to grant a payment in accordance with paragraph 2 of this Article.

#### *Article 35*

#### **Financial provisions**

1. In order to finance the payment referred to in Article 34, Member States may decide, by [1 August 2013], to use up to 5 % of their annual national ceiling set out in Annex II. *They shall notify any such decision to the Commission by that date.* ~~The decision referred to in the first sub-paragraph shall be notified to the Commission by the date referred to in that sub-paragraph.~~

Member States may, by 1 August 2016, review their decision with effect from 1 January 2017. *They shall notify the Commission of any reviewed percentage by 1 August 2016.*

2. ~~According to~~ *On the basis of* the percentage of the national ceiling to be used by Member States pursuant to paragraph 1, the Commission shall, by means of implementing acts, fix the corresponding ceilings for that payment on a yearly basis. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

## CHAPTER 4

### Payment for young farmers

#### *Article 36*

#### General rules

1. Member States ~~shall~~ **[shall/may]** 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.

[to be completed at a later stage]

2. For the purposes of this Chapter, 'young farmers', shall mean *natural persons*:
  - (a) ~~natural persons~~ who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first submission of an application to the basic payment scheme *or the single area payment scheme* as referred in Article 73(1) of Regulation (EU) No [...] [HZR], and
  - (b) who are *no more less*-than 40 years of age *in at* the *year moment* of *submission tting* of the application referred to in point (a).

*Member States may define further objective and non-discriminatory eligibility criteria for young farmers applying for the payment referred to in paragraph 1 of this Article as regards appropriate skills and/or training requirements.*

3. Without prejudice to the application of financial discipline, progressive reduction and capping, linear reductions ~~as referred in~~ *in accordance with* Article 7, and ~~any reductions and exclusions imposed pursuant to the application of~~ Article 65 of Regulation (EU) No [...] [HZR], the payment referred to in paragraph 1 of this Article shall be granted annually upon activation of payment entitlements by the farmer *or, in Member States applying Article 28c, upon declaration of eligible hectares by the farmer.*

4. The payment referred to in paragraph 1 shall be granted per farmer for a period of maximum five years. That period shall be reduced by the number of years elapsed between the setting up and the first submission of the application referred to in point (a) of paragraph 2.
5. [to be completed at a later stage]
6. ***In order to guarantee the protection of the rights of beneficiaries and to avoid discrimination among them, t***~~The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning the conditions under which a legal person may be considered eligible for receiving the payment referred to in paragraph 1, ***in particular the application of the age limit set out in paragraph 2(b) to one or more natural persons participating in the legal person of this Article.***~~

*Article 37*

**Financial provisions**

1. In order to finance the payment referred to in Article 36, Member States shall use a percentage of the annual national ceiling set out in Annex II [which shall not be higher than 2 %]. They shall notify the Commission, by [31 August 2013], of the estimated percentage necessary to finance that payment.

Member States may, *every year* by 31 August ~~2016~~, review their estimated percentage with effect from ~~1 January 2017~~ *the subsequent year*. They shall notify the Commission of the reviewed percentage by 31 August ~~2016~~ *of the year prior to the year of application of that revised percentage*.

2. Without prejudice to the maximum of 2 % set ~~under in~~ paragraph 1 *of this Article*, where the total amount of the payment applied for in a Member State in a particular year exceeds the ceiling set pursuant to paragraph 4 *of this Article*, and where that ceiling is lower than 2 % of the annual national ceiling set out in Annex II, Member States shall *finance the difference by applying Article 23(5)(c) in the relevant year and/or by applying* ~~apply~~ a linear reduction to all payments to be granted to all farmers in accordance with Article 25.
3. Where the total amount of the payment applied for in a Member State in a particular year exceeds the ceiling set pursuant to paragraph 4 *of this Article*, and where that ceiling amounts to 2 % of the annual national ceiling set out in Annex II, Member States shall apply a linear reduction to the amounts to be paid in accordance with Article 36 in order to comply with that ceiling.
4. ~~On the basis of the estimated percentage notified by Member States pursuant to paragraph 1, the Commission shall, by means of implementing acts, set the corresponding ceilings for the payment referred to in Article 36 on a yearly basis. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).~~

*The Commission shall, by means of implementing acts, set on a yearly basis the ceilings for the payment referred to in Article 36 on the basis of the percentage notified by Member States pursuant to paragraph 1.*

*Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).*

**TITLE IV**  
**COUPLED SUPPORT**  
**CHAPTER 1**  
**Voluntary coupled support**

*Article 38*

**General rules**

[to be completed at a later stage]

*Article 39*

**Financial provisions**

[to be completed at a later stage]

*Article 40*

**Notification**

1. ~~The Member States shall notify the~~ decisions referred to in Article 39 ~~shall be notified~~ to the Commission by the dates referred to in that Article. ~~and, e~~ Except for the decision referred to in Article 39(4)(c), the notification shall include information on the regions targeted, the selected types of farming or sectors and the level of support to be granted.
2. The decisions referred to in Article 39(2) and (3), or, where appropriate, in Article 39(4)(a), shall also include a detailed description of the particular situation in the region targeted and of the particular characteristics of the types of farming, or specific agricultural sectors, which make the percentage referred to in Article 39(1) insufficient to address the difficulties referred to in Article 38(2) and which justify an increased level of support.



*Article 41*

**Approval by the Commission**

[to be completed at a later stage]

**CHAPTER 2**

**Crop specific payment for cotton**

*Article 42*

**Scope**

Aid shall be granted to farmers producing cotton falling within CN code 5201 00 under the conditions laid down in this Chapter ("crop specific payment for cotton").

### *Article 43*

#### **Eligibility**

1. The crop specific payment for cotton shall be granted per hectare of eligible area of cotton. In order to be eligible, the area shall be located on agricultural land authorised by the Member State for cotton production, sown under **authorised** varieties *authorised by the Member State* and actually harvested under normal growing conditions.

The crop specific payment for cotton shall be paid for cotton of sound, fair and marketable quality.

2. Member States shall authorise the land and the varieties referred to in paragraph 1 in accordance with the rules and conditions to be adopted pursuant to paragraph 3.

3. ~~To~~ **In order to** ensure an efficient management of the crop-specific payment for cotton, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning rules and conditions for the authorisation of land and varieties for the purposes of the crop specific payment for cotton.

4. The Commission shall, by means of implementing acts, adopt rules on the procedure of the authorisation *of land and varieties for the purposes of the crop specific payment for cotton* and the notifications to the producers related to this authorisation. 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. The following national base areas are established:
  - Bulgaria: 3 342 ha,
  - Greece: 250 000 ha,
  - Spain: 48 000 ha,
  - Portugal: 360 ha.

2. The following fixed yields in the reference period are established:
  - Bulgaria: 1,2 tonne/ha,
  - Greece: 3,2 tonne/ha,
  - Spain: 3,5 tonne/ha,
  - Portugal: 2,2 tonne/ha.
3. [to be completed at a later stage]
4. If the eligible area of cotton in a given Member State and in a given year exceeds the base area established in paragraph 1, the amount referred to in paragraph 3 for that Member State shall be reduced proportionately to the overrun of the base area.
5. In order to ~~enable~~ **make** the application of the crop-specific payment for cotton *possible*, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning rules on the conditions for the granting of ~~that the crop-specific~~ payment ~~for cotton~~, on the eligibility requirements and ~~the~~ *on* agronomic practices.
6. The Commission may, by means of implementing acts, provide for rules on the calculation of the reduction provided for in paragraph 4. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

#### *Article 45*

#### **Approved inter-branch organisations**

1. For the purpose of this Chapter, an ‘approved inter-branch organisation’ shall mean a legal entity made up of farmers producing cotton and at least one ginner, carrying out activities such as:
  - (a) helping to coordinate better the way cotton is placed on the market, particularly through research studies and market surveys;
  - (b) drawing up standard forms of contract compatible with Union rules;

- (c) orienting production towards products that are better adapted to market needs and consumer demand, particularly in terms of quality and consumer protection;
  - (d) updating methods and means to improve product quality;
  - (e) developing marketing strategies to promote cotton via quality certification schemes.
2. The Member State where the ginners are established shall approve interbranch organisations that satisfy the criteria to be laid down pursuant to paragraph 3.
3. *In order to enable the efficient application of the crop-specific payment for cotton,* ~~t~~The Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning:
- (a) criteria for the approval of inter-branch organisations;
  - (b) obligations for producers;
  - (c) rules ~~for governing~~ the situation where the approved inter-branch organisation does not ~~respect~~ *satisfy* those criteria.

#### *Article 46*

#### **Granting of the payment**

1. Farmers shall be granted the crop specific payment for cotton per eligible hectare as established in Article 44.
2. Farmers who are members of an approved inter-branch organisation shall be granted the crop specific payment for cotton per eligible hectare within the base area laid down in Article 44(1), increased by an amount of EUR 2.

**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 2014*~~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. Payments under the small farmers scheme shall replace the payments to be granted pursuant to Titles III and IV.

*The first sub-paragraph does not apply where a Member State opts for the payment method laid down in Article 49(2) of this Regulation without applying the last sub-paragraph of that provision. 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. Farmers participating in the small farmers scheme shall be exempted from the agricultural practices provided for in Chapter 2 of Title III.

4. ~~No advantage provided for under this Title shall be granted in favour of Member States shall ensure that no payment is made to farmers in respect of for whom it is established that, as from 19 October 2011 the date of publication of the Commission proposal for this Regulation, they artificially created the conditions to benefit divide their holding with the sole purpose of benefiting from the small farmers scheme. This shall also apply to farmers whose holdings result from that division.~~

#### *Article 48*

#### **Participation**

1. Farmers wishing to participate in the small farmers scheme shall submit an application by *a date to be fixed by Member States but not later than 15 October 2014. The date fixed by Member States cannot, however be earlier than the last day for submission of an application for the basic payment scheme.*

Farmers not having applied for participation in the small farmers scheme by ~~15 October 2014~~ *the date fixed by the Member State* or deciding to withdraw from it after that date or selected for support under Article 20(1)(c) of Regulation (EU) No [...] [RDR] shall no longer have the right to participate in that scheme.

2. *By way of derogation from paragraph 1, Member States may provide that those farmers whose amount of direct payments under Titles III and IV of this Regulation is lower than the maximum amount fixed by the Member State in accordance with Article 49 , shall be included in the small farmers scheme automatically unless they expressly withdraw from it by the date fixed by the Member State as referred to in paragraph 1 or in any subsequent year. Member States making use of this possibility shall inform the relevant farmers in due time about their right to withdraw from the scheme.*

3. *Member States shall ensure that an estimate of the amount of the payment referred to in Article 49 is made known to farmers in due time before the date of application or withdrawal fixed by the Member State.*

*Article 49*

**Amount of the payment**

1. Member States shall set the amount of the annual payment for *each farmer participating in* the small farmers scheme at one of the following levels, subject to paragraph 3:
- (a) an amount not exceeding ~~125~~125% of the national average payment per beneficiary, *which shall be established by the Member States on the basis of the national ceiling set in Annex II for calendar year 2019 and the number of farmers having obtained payment entitlements pursuant to Article 21(1) or having claimed for the single area payment scheme in 2014 pursuant to Article 28c;*
  - (b) an amount corresponding to the national average payment per hectare multiplied by a figure corresponding to the number of hectares with a maximum of ~~three~~ five. *The national average payment per hectare shall be established by the Member States on the basis of the national ceiling set in Annex II for calendar year 2019 and the number of eligible hectares declared in accordance with Article 26 or Article 28c in 2014.*

*The amounts referred to in points (a) and (b) shall not be lower than EUR 500 and not higher than EUR 1 250.*

*Without prejudice to Article 51(1), where the application of points (a) and (b) results in an amount lower than EUR 500 or higher than EUR 1 250, the amount shall be rounded up or down, respectively, to the minimum or maximum amount.*

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

(a) *an amount equal to the total value of the payments to be allocated to the farmer each year under Titles III and IV of this Regulation, or*

(b) *an amount equal to the total value of the payments to be allocated to the farmer in 2014 under Titles III and IV of this Regulation.*

The amount ~~referred to in paragraph 1~~ shall not be ~~lower~~ *higher* than *an amount fixed by the Member State between EUR 500 and not be higher than and EUR 1000 1 250.*

Without prejudice to Article 51(1), where the ~~application of paragraph 1~~ *payment* results in an amount lower than EUR 500, *Member States may decide to round up this amount to EUR 500. or higher than EUR 1 000, the amount shall be rounded up or down, respectively, to the minimum or maximum amount.*

3. In *Croatia*, Cyprus, *Slovenia* and Malta the amount referred to in paragraphs 1 and 2 may be set at a value lower than EUR 500, but not less than EUR 200 *or, in the case of Malta, not less than EUR 50.*

#### *Article 50*

#### **Special conditions**

1. During the participation in the small farmers scheme, farmers shall:

(a) keep at least a number of *eligible* hectares corresponding to the number of entitlements held *or to the number of eligible hectares declared under the single area payment scheme in 2014;*

(b) fulfil the minimum requirement provided for in Article 10(1)(b).



2. Payment entitlements activated in 2014 pursuant to Articles 25 and 26 by a farmer participating in the small farmers scheme shall be considered as activated entitlements for the duration of the participation of the farmer in that scheme.

The payment entitlements held by the farmer during the participation in that scheme shall not be considered as unused payment entitlements reversible to the national reserve within the meaning of Article 24(1)(b).

***In those Member States applying Article 28c, the eligible hectares declared under the single area payment scheme in 2014 by a farmer participating in the small farmers scheme shall be considered as declared for the duration of the participation of the farmer in that scheme.***

3. By way of derogation from Article 27, payment entitlements held by farmers participating in the small farmers scheme shall not be transferable, except in case of inheritance or anticipated inheritance.

Farmers who by way of inheritance or anticipated inheritance receive payment entitlements from a farmer participating in the small farmers scheme shall be eligible for participation in that scheme provided they meet the requirements to benefit from the basic payment scheme and that they inherit all the payment entitlements held by the farmer from whom they receive the payment entitlements.

4. ***Paragraphs 1, 2 and the first sub-paragraph of paragraph 3 of this Article shall not apply where a Member State opts for the payment method laid down in Article 49(2)(a) of this Regulation without applying the last sub-paragraph of Article 49(2).***

45. ***In order to ensure legal certainty, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning setting out the conditions for participation in the scheme where the situation of the participating farmer changes.***

*Article 51*

**Financial provisions**

1. In order to finance the payment referred to in this Title, Member States shall deduct the amounts corresponding to the amounts to which the small farmers would be entitled as a basic payment *or a single area payment* referred to in Chapter 1 of Title III, *as a redistributive payment referred to in Chapter 1a of Title III*, as a payment for agricultural practices beneficial for the climate and the environment referred to in Chapter 2 of Title III and, where applicable, as a payment for areas with natural constraints referred to in Chapter 3 of Title III, as a payment for young farmers referred to in Chapter 4 of Title III and as coupled support referred to in Title IV from the total amounts available for the respective payments.

*In Member States having opted for calculating the amount of the payment pursuant to Article 49(2)(a) without applying the last sub-paragraph of Article 49(2), where the sum of those amounts for an individual farmer exceeds the maximum amount they have fixed, each amount shall be proportionately reduced.*

The difference between the sum of all payments due under the small farmers scheme and the total amount financed in accordance with the first sub-paragraph shall be financed *in one or more of the following ways:*

(a) by applying ~~a linear reduction to all payments to be granted in accordance with Article 253(5) in the relevant year;~~

(b) *by using the funds left unused in the relevant year, to finance the payment for young farmers laid down in Chapter 4 of Title III;*

(c) *by applying a linear reduction to all payments to be granted in accordance with Articles 25 or 28c.*

*Except where the Member State has opted for setting the amount of the annual payment pursuant to Article 49(2), 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. If the total amount of payments due under the small farmers scheme exceeds 10 % of the annual national ceiling set out in Annex II, Member States shall apply a linear reduction to the amounts to be paid in accordance with this Title in order to respect that percentage, ***unless they have set the amount of the payment in accordance with Article 49(2)(a) without applying the last sub-paragraph of Article 49(2).***

## TITLE VI

### NATIONAL RESTRUCTURING PROGRAMMES FOR THE COTTON SECTOR

#### *Article 52*

#### **Use of the annual budget for the restructuring programmes**

1. For Member States which have applied the first sub-paragraph of Article 4(1) of Regulation (EC) No 637/2008, the relevant annual budget available pursuant to Article 5(1) of that Regulation shall be transferred with effect from 1 January 2014 ~~as~~ ***and shall constitute*** additional Union funds for measures under rural development programming financed under Regulation (EU) No [...] [RDR].
2. For Member States which have applied the second sub-paragraph of Article 4(1) of Regulation (EC) No 637/2008, ***the relevant annual budget available pursuant to their annual budget as referred to in*** Article 5(1) of that Regulation is included with effect from 1 January 2017 in their national ceilings as set out in Annex II to this Regulation.

**TITLE VII**  
**FINAL PROVISIONS**  
**CHAPTER 1**  
**Notifications and emergency**

*Article 53*

**Notification requirements**

1. *In order to ensure correct application of the rules set out in this Regulation, ~~the~~* Commission shall be empowered to adopt delegated acts in accordance with Article 55, on the necessary measures regarding notifications to be made by Member States *to the Commission* for the purposes of this Regulation or for the purpose of checking, controlling, monitoring, evaluating and auditing direct payments, *and for implementing complying with requirements laid down in* international agreements, *which have been concluded by a Council decision*, including notification requirements under those agreements. In so doing it shall take into account the data needs and synergies between potential data sources.

The information obtained may, where appropriate, be transmitted or made available to international organisations, *and* the competent authorities of third countries and may be made public, subject to the protection of personal data and the legitimate interest of undertakings in the protection of their business secrets.

2. ~~Taking into account the need~~ *In order* to make notifications referred to in paragraph 1 fast, efficient, accurate, and cost effective, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 for the purpose of laying down *further rules on*:
  - (a) the nature and type of the information to be notified;
  - ~~(b) the methods of notification;~~

*(bb) the categories of data to be processed and maximum retention periods;*

(c) the rules related to the access rights to the information or information systems made available;

(d) the conditions ~~and means~~ of publication of the information.

3. The Commission shall, by means of implementing acts, adopt:

*(aa) the methods of notification;*

(a) rules on providing the information as necessary for the application of this Article;

(b) arrangements for the management of the information to be notified, as well as rules on content, form, timing, frequency and deadlines of the notifications;

(c) arrangements for transmitting or making information and documents available to the Member States, international organisations, the competent authorities in third countries, or the public, subject to the protection of personal data and the legitimate interest of farmers and undertakings in the protection of their business secrets.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 56(2).

#### *Article 53a*

#### *Processing and protection of personal data*

*1. Member States and the Commission shall collect personal data for the purposes set out in Article 53(1) and shall not process this data in a way incompatible with these purposes.*

2. *Where personal data are processed for monitoring and evaluation purposes as referred to in Article 53(1), they shall be made anonymous and processed in aggregated form only.*
3. *Personal data shall be processed in accordance with the rules of Directive 95/46/EC and Regulation (EC) No 45/2001. In particular, such data shall not be stored in a form which permits identification of data subjects for longer than is necessary for the purposes for which they were collected or for which they are further processed, taking into account the minimum retention periods laid down in the applicable national and Union law.*
4. *Member States shall inform the data subjects that their personal data may be processed by national and Union bodies in accordance with paragraph 1 and that in this respect they enjoy the rights set out in the data protection rules of, respectively, Directive 95/46/EC and Regulation (EC) No 45/2001.*
5. *This Article shall be subject to the provisions in Articles 110a to 110d in Regulation (EU) No [...]HRZ].*

#### *Article 54*

### **Measures to resolve specific problems**

[to be completed at a later stage]

## **CHAPTER 2**

### **Delegations of powers and implementing provisions**

#### *Article 55*

### **Exercise of the delegation**

1. The power to adopt the delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. [to be completed at a later stage]
3. [to be completed at a later stage]
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. [to be completed at a later stage]

*Article 55a*  
***Urgency procedure***

[to be completed at a later stage]

*Article 56*  
**Committee procedure**

1. The Commission shall be assisted by a Committee called *the* "Committee for Direct Payments". That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. [to be completed at a later stage]
3. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

**CHAPTER 3**  
**Transitional and final provisions**

*Article 57*

**Repeals**

[to be completed at a later stage]

*Article 58*

**Transitional rules**

In order to ensure a smooth transition from the arrangements provided for in Regulation (EC) No 73/2009 to those laid down in this Regulation, the Commission shall be empowered to adopt delegated acts in accordance with Article 55 concerning the necessary measures to protect ~~the~~ *any* acquired rights and legitimate expectations of farmers.

*Article 59*

**Entry into force and application**

[to be completed at a later stage]

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*



## ANNEXES

## ANNEX I

### List of support schemes

Sector	Legal base	Notes
Basic payment	Title III, Chapter 1 <b><u>Sections 1 to 3</u></b> <b><u>and 5</u></b> of this Regulation	Decoupled payment
<b><i>Single area payment</i></b>	<b><i>Title III, Chapter 1 Section 4 of this Regulation</i></b>	<b><i>Decoupled payment</i></b>
<b><i>Redistributive payment</i></b>	<b><i>Title III, Chapter 1a of this Regulation</i></b>	<b><i>Decoupled payment</i></b>
Payment for farmers following agricultural practices beneficial for the climate and the environment	Title III, Chapter 2 of this Regulation	Decoupled payment
Payment for farmers in areas with specific natural constraints	Title III, Chapter 3 of this Regulation	Decoupled payment
Payment for young farmers	Title III, Chapter 4 of this Regulation	Decoupled payment
Voluntary coupled support	Title IV, Chapter 1 of this Regulation	
Cotton	Title IV, Chapter 2 of this Regulation	Area payment
Payment for small farmers	Title V of this Regulation	Decoupled payment
Posei	Title III of Regulation (EC) No 247/2006	Direct payments under measures established in the programmes
Aegean islands	Chapter III of Regulation (EC) No 1405/2006	Direct payments under measures established in the programmes

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

## ANNEX IV

### Coefficients to be applied under Article 10(1)

Member State	Limit for the EUR threshold (Article 10(1)(a))	Limit for the hectare threshold (Article 10(1)(b))
Belgium	400	2
Bulgaria	200	0,5
Czech Republic	200	5
Denmark	300	5
Germany	300	4
Estonia	100	3
Ireland	200	3
Greece	400	0,4
Spain	300	2
France	300	4
<b><i>Croatia</i></b>	<b><i>100</i></b>	<b><i>1</i></b>
Italy	400	0,5
Cyprus	300	0,3
Latvia	100	1
Lithuania	100	1
Luxemburg	300	4
Hungary	200	0,3
Malta	500	0,1
Netherlands	500	2
Austria	200	2
Poland	200	0,5
Portugal	200	0,3
Romania	200	0,3
Slovenia	300	0,3

Slovakia	200	2
Finland	200	3
Sweden	200	4
United Kingdom	200	5

**Annex V**  
**[to be completed at a later stage]**

## ANNEX VI

### Average size of agricultural holding to be applied under Article 36(5)

Member State	Average size of agricultural holding (in hectares)
Belgium	29
Bulgaria	6
Czech Republic	89
Denmark	60
Germany	46
Estonia	39
Ireland	32
Greece	5
Spain	24
France	52
<b><i>Croatia</i></b>	<b>5,9</b>
Italy	8
Cyprus	4
Latvia	16
Lithuania	12
Luxemburg	57
Hungary	7
Malta	1
Netherlands	25
Austria	19
Poland	6
Portugal	13
Romania	3
Slovenia	6

Slovakia	28
Finland	34
Sweden	43
United Kingdom	54



## ANNEX VII

### CORRELATION TABLE

[to be completed by the Lawyer Linguists at a later stage]

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 1	Article 1	-
-	Article 2	-
Article 2	Article 4	-
-	Article 5(2)	-
Article 3	Article 5	-
Article 4(1)	-	Article 91
Article 4(2)	-	Article 95
Article 5	-	Article 93
Article 6(1)	-	Article 94
Article 6(2)	-	-
Article 7	-	-
Article 8(1) and (2)	Article 7(1) and (3)	-
-	Article 7(2)	-
Article 9	-	-
Article 10	-	-
Article 11(1) and (2)	-	Article 25(1) and (2)
-	Article 8	-
Article 12(1) and (2)	-	Article 12
Article 12(3)	-	Article 14
Article 12(4)	-	-
Article 13	-	Article 13(2)
Article 14	-	Article 68
Article 15	-	Article 69
Article 16	-	Article 70
Article 17	-	Article 71
Article 18	-	Article 72
Article 19	-	Article 73
Article 20	-	Article 75
Article 21	-	Article 75(4)
Article 22	-	Article 96
Article 23	-	Article 97
Article 24	-	Article 99

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 25	-	Article 100
Article 26	-	Article 63
Article 27(1)	-	Article 102(3)
Article 27(2)	-	Article 49
Article 27(3)	-	Article 69(3)
-	Article 9	-
Article 28(1) and (2)	Article 10(1), (3) and (4)	-
-	Article 10(2)	-
Article 28(3)	Article 23(1)(a)(ii)	-
-	Article 23(1)(a)(i), (c) and (d)	-
-	Article 11	-
Article 29	-	Article 76
Article 30	-	Article 62
Article 31	-	Article 2(2)
Article 32	Article 15	-
Article 33(1)	Article 18(1)	-
-	Article 18(2)	-
Article 34(1) and (2)	Article 25(1) and (2)	-
Article 35	Article 26	-
Article 36	-	-
Article 37	Article 12	-
-	Article 14	-
Article 38	-	-
Article 39(1)	Article 25(3)	-
Article 40(1)	Article 6(1)	-
Article 40(2)	Article 19(3)	-
Article 41(1)	Article 23(1)	-
Article 41(2)	Article 23(3) and (4)	-
Article 41(3)	Article 23(5)(a)	-
Article 41(5)	Article 23(5)(b)	-
-	Article 23(2), (6) and (7)	-
Article 41(6)	Article 22(4)	-
Article 42	Article 24(1)(b)	-
Article 43(1) and (2)	Article 25(1) and (2)	-
Article 43(3)	-	-
Article 44	-	-
Article 45	-	-
-	-	-
-	Article 19(1) and (2)	-

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 46(1) to (4)	Article 20(1) to (4)	-
Article 46(5)	-	-
-	Article 21	
Article 47(1)	-	-
Article 47(2)	Article 22(1) regional application	-
-	Article 22(1) national application	-
-	Article 22(2),(3), (5), (6) and (7)	-
Article 48	-	-
Article 49	-	-
Article 50	-	-
Article 51	-	-
Article 52	-	-
Article 53	-	-
Article 54	-	-
Article 55	-	-
Article 56	-	-
Article 57	-	-
<b>Article 57a</b>	<b>Article 17b</b>	-
Article 58	-	-
Article 59	-	-
Article 60	-	-
Article 61	-	-
Article 62	-	-
Article 63	-	-
Article 64	-	-
Article 65	-	-
Article 66	-	-
Article 67	-	-
Article 68	-	-
Article 69	-	-
Article 70	-	-
Article 71	-	-
Article 72	-	-
Article 73	-	-
Article 74	-	-
Article 75	-	-
Article 76	-	-
Article 77	-	-
Article 78	-	-

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 79	-	-
Article 80	-	-
Article 81	-	-
Article 82	-	-
Article 83	-	-
Article 84	-	-
Article 85	-	-
Article 86	-	-
Article 87	-	-
Article 88	Article 42	-
Article 89	Article 43	-
Article 90	Article 44	-
Article 91	Article 45	-
Article 92	Article 46	-
Article 93	-	-
Article 94	-	-
Article 95	-	-
Article 96	-	-
Article 97	-	-
Article 98	-	-
Article 99	-	-
Article 100	-	-
Article 101	-	-
Article 102	-	-
Article 103	-	-
Article 104	-	-
Article 105	-	-
Article 106	-	-
Article 107	-	-
Article 108	-	-
Article 109	-	-
Article 110	-	-
Article 111	-	-
Article 112	-	-
Article 113	-	-
Article 114	-	-
Article 115	-	-
Article 116	-	-
Article 117	-	-

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 118	-	-
Article 119	-	-
Article 120	-	-
Article 121	Articles 16 <i>and</i> 16a	-
Article 122	-	-
Article 123	-	-
Article 124	-	-
Article 124(6)	-	Article 98
Article 125	-	-
Article 126	-	-
Article 127	-	-
Article 128	-	-
Article 129	-	-
Article 130	-	-
Article 131	-	-
Article 132	Articles 17 <i>and</i> 17a	-
Article 133	-	-
-	Article 28	-
-	Article 29	-
-	Article 20	-
-	Article 31	-
-	Article 32	-
-	Article 33	-
-	Article 34	-
-	Article 35	-
-	Article 36	-
-	Article 37	-
-	Article 47	-
-	Article 48	-
-	Article 49	-
-	Article 50	-
-	Article 51	-
Article 134	-	-
Article 135	-	-
Article 136	-	-
-	Article 52	-
Article 137	-	-
Article 138	Article 3	-
Article 139	Article 13	-

Regulation (EC) No 73/2009	This Regulation	Regulation (EU) No [...] [HZR]
Article 140	Article 53	-
Article 141	Article 56	-
Article 142	Article 55	-
Article 142(r)	Article 54	-
Article 143	-	-
Article 144	-	-
Article 145	-	-
Article 146	Article 55	-
Article 146a	-	-
Article 147	Article 56	-
Article 148	-	-
Article 149	Article 57	-

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