

Transitional package

Direct payments

25 November 2019
Civil Dialog Group - Arable crops

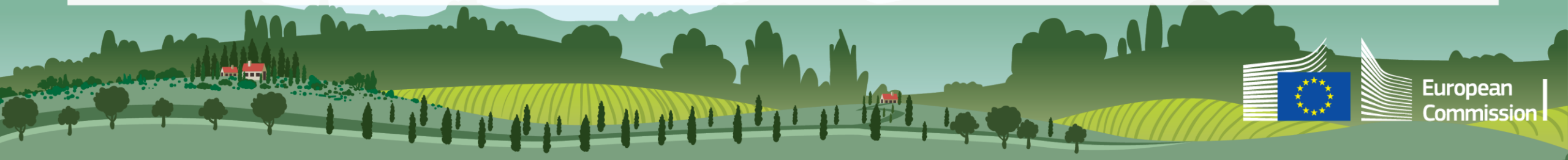
Transitional package

2 Commission proposals

1. “Flexibility regulation” = Quick fix for financial discipline from 2021 and flexibility between pillars in respect of calendar year 2020 (COM(2019) 580) – to be adopted by co-legislators by end of the year
2. “Transitional Regulation” = Main transition for year 2021 (COM(2019) 581) – to be adopted by summer 2020

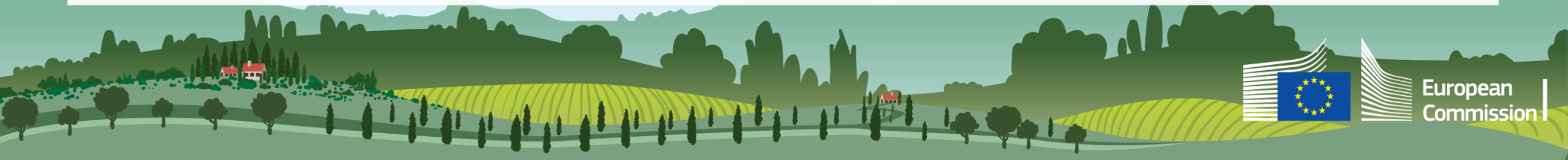
Continuity (no disruption of payments to farmers)

Adopted on 31 October 2019



Background

- Current Direct Payments Regulation (1307/2013)
 - Most provisions without an end date
 - Financial annexes and SAPS up to calendar year 2020
 - Certain provisions initially limited to calendar year 2019 extended to calendar year 2020 with R2019/288
 - Flexibility between pillars (link with MFF 2014-2020) + quick fix with the « Flexibility Regulation »
 - Notification of estimated product of reduction of payments
 - Certain provisions need to be adapted to post 2020 context



Background (2)

MFF 2014-2020

MFF 2021-2027

Correspondance between calendar years and financial years in direct payments

Financial years (FY)

2018	2019	2020	2021	2022	2023	2024
16-oct	16-oct	16-oct	16-oct	16-oct	16-oct	16-oct

Calendar years (CY)

2018	2019	2020	2021	2022	2023	2024
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DP - R1307/2013

Most provisions without an end date
Financial annexes and SAPS up to 2020

Certain provisions
end in 2019

R2019/288
(flexibility,
reduction of
payments)

CAP Strategic Plan Regulation

13 February 2019: R2019/288 adopted by co-legislators

7 December 2018: Commission proposal for calendar year 2020 regulation

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MFF 2021-2027

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DP - R1307/2013

Most provisions without an end date
Financial annexes and SAPS up to 2020

Certain provisions

R2019/288
(flexibility,

CAP Strategic Plan Regulation

*Delays in CAP reform =>
issue with the transfer
from RD to DP referring to
« 2021 RD envelop »*

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7 Decem

by co-legislators
calendar year 2020 regulation

Background (2)

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DP - R1307/2013

Most provisions without an end date
Financial annexes and SAPS up to 2020

Certain provisions
end in 2019

R2019/288
(flexibility,
reduction of
payments)

*Delays in
CAP reform
=> CSPR
not
applicable
from 2021*

Strategic Plan Regulation

*Delays in CAP reform =>
issue with the transfer
from RD to DP referring to
« 2021 RD envelop »*

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Transitional package – direct payments

MFF 2014-2020

MFF 2021-2027

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Most provisions without an end date

Financial annexes and SAPS up to 2020

R2019/288

Flexibility
regulation

(COM(2019) 580)
(transfer RD=>DP,
additional VCS
review)

Transitional
regulation
(COM(2019) 581)
(amnesty of
entitlements and
amendments to
R1307/2013)

CAP Strategic Plan Regulation

DP - R1307/2013

Certain provisions
end in 2019

Flexibility regulation (COM(2019) 580) = “Quick fix”

- **Flexibility between pillars for calendar year 2020**

Transfer from RD to DP: replacement of maximum % by absolute amounts based on the current maximum % and RD envelope proposed in the Commission proposal for the MFF (otherwise not applicable)

To be notified by 7 days after entry into force

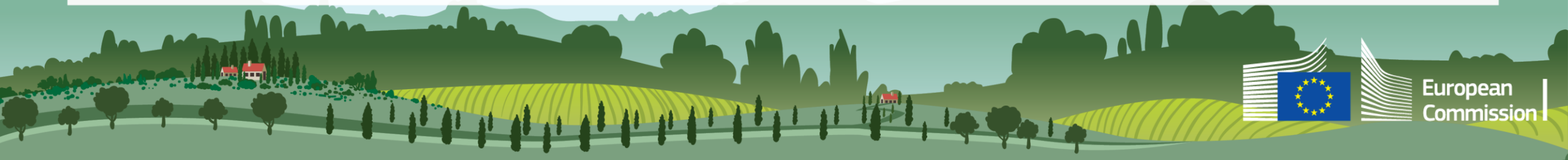
- **Additional review concerning 2020 Voluntary Coupled Support**

Annual VCS review by 1 August N-1

Flexibility decisions 2020 by 31 December 2019 [or shortly thereafter] (affecting ceilings)

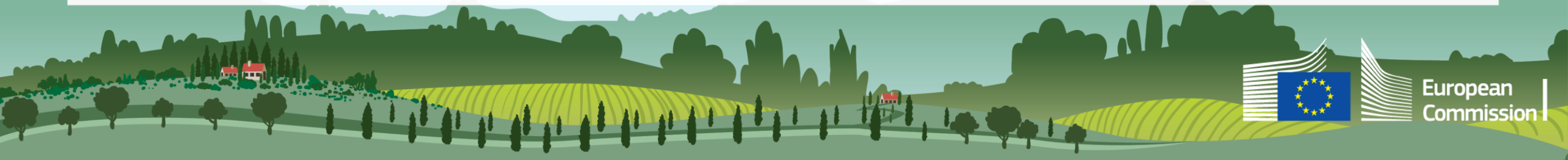
Need to review to align to flexibility decisions (and ONLY for that)

To be notified by 7 days after entry into force



Transitional regulation for 2021 (COM(2019) 581)

- **Stand-alone provision**
 - Amnesty clause for entitlements
- **Amendments to Direct Payments Regulation**
 - Financial annexes for 2021
 - Flexibility between pillars for 2021
 - Notification of the estimated product of reduction of payments for 2021
 - Prolongation of SAPS
 - Option to apply further internal convergence (2020 and 2021)
 - Other technicalities:
 - Notification of financial allocations for year 2021
 - Basic Payment Scheme (adaptation to ceiling, reserve)

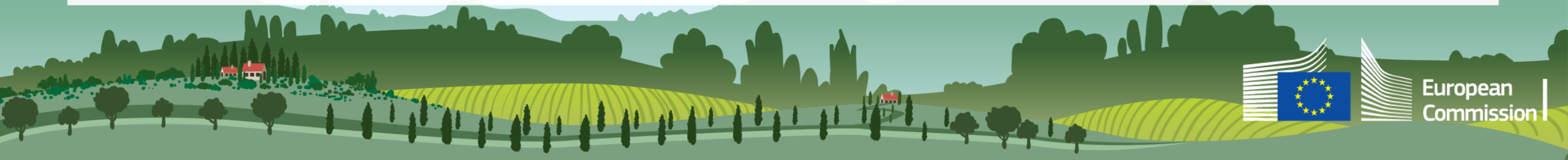


Amnesty clause for entitlements

- Why an amnesty?
 - Reform builds up on existing entitlements
 - Clean basis for the future
- Applied from 2021 on entitlements allocated before 2020
 - In case of errors in number or value of entitlements
 - MS should still correct entitlements in 2020
 - Financial corrections still possible in respect of years up to 2020 included

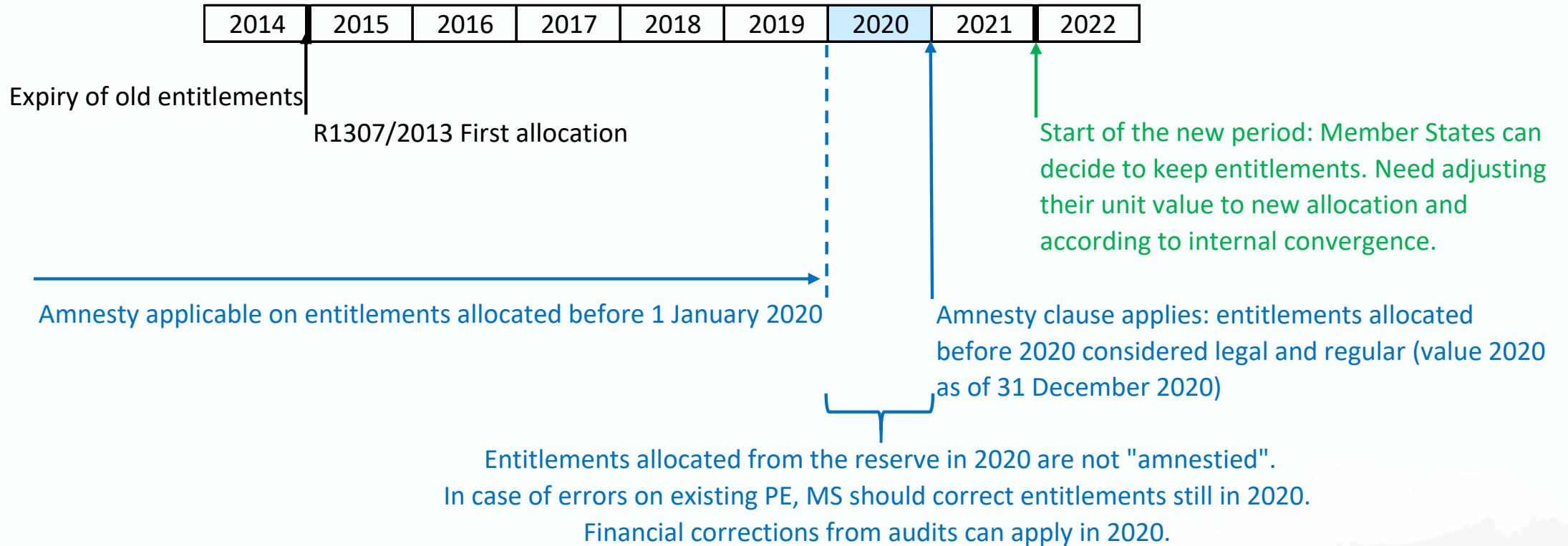
NB: Similar clause applied in the past: Article 137 R73/2009

- Without prejudice to relevant articles concerning the value of entitlements for the future (e.g. adjustment to ceiling and internal convergence)
 - = We amnesty the past only



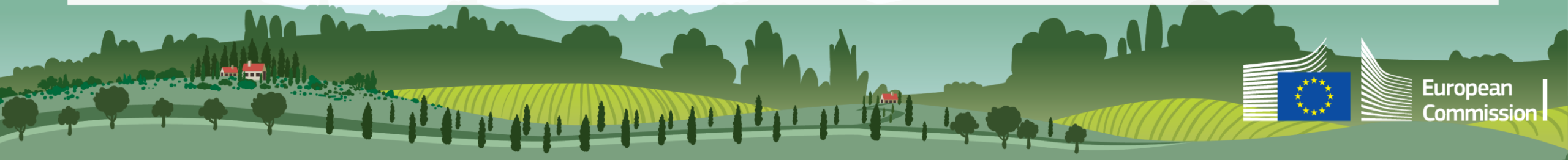
Amnesty clause for entitlements

PE: payment entitlement



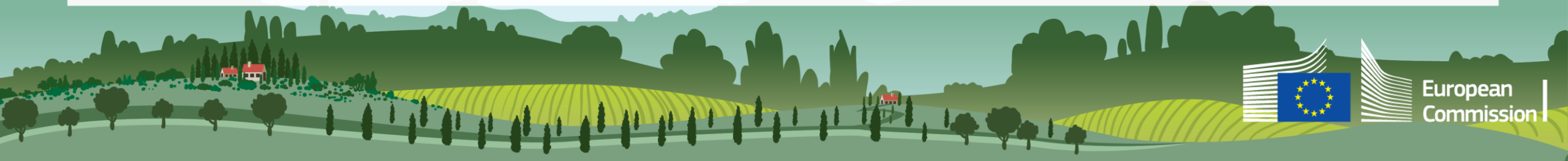
Prolongation of SAPS

- Single Area Payment Scheme (SAPS) applicable only until 31 December 2020
 - Continuation of current rules would oblige introduction of entitlements
 - In contradiction with the reform proposal where uniform payment per hectare is the basic rule
 - => Prolongation of SAPS
- SAPS overbooking still possible (to be notified by 1 August 2020 for calendar year 2021)



Option of further internal convergence in 2020 and 2021

- **Rationale: fairer direct payments**
 - Difficult to justify significant individual differences based on old historic references
- **Background R 1307/2013**
 - General rule: flat rate at national or regional level from 2015
 - Derogation 1: flat rate at national or regional level from 2019
 - Derogation 2: partial convergence, « tunnel » model from 2015 to 2019 (13 MS/regions)
- **Transition**
 - MS applying partial internal convergence can apply further internal convergence in 2020 and 2021 (annual convergence) (article 25(11) and 25(12) R1307/2013)
 - More leeway for MS in defining the modalities of convergence
 - OR MS can keep the value of entitlements at their 2019 level (with possible adjustment to the new ceiling)



Other technicalities for the Basic Payment Scheme

- Adaptation to the new BPS ceiling in 2021
 - More leeway for MS:
 - Adjustment of the value of entitlements
 - And/or of the reserve
 - (possible different rates of adjustment)
- Reserve
 - Before 2021: unit value of entitlements for the year of allocation + for all the remaining years of the period till 2020 (so-called « multiannual » reserve)
 - For 2021: unit value for the year of allocation (« annual » reserve)

