

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

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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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)

MFF 2014-2020

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
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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co
calendar year 2020 regulation

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

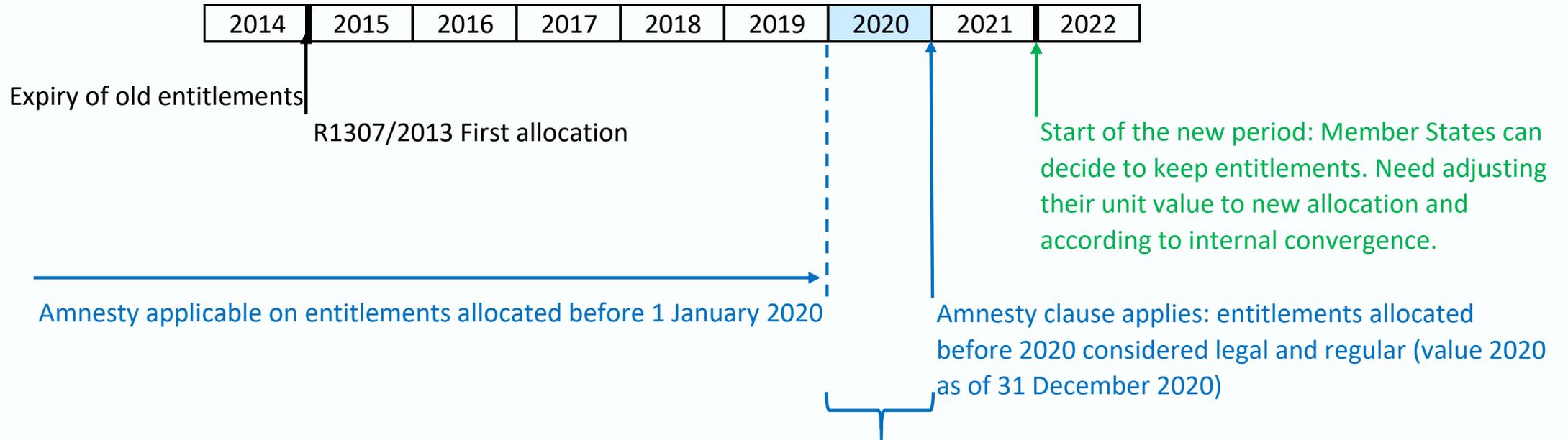
NB: Similar clause applied in the past: Article 137 R73/2009

- 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



Entitlements allocated from the reserve in 2020 are not "amnestied".
In case of errors on existing PE, MS should correct entitlements still in 2020.
Financial corrections from audits can apply in 2020.

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)

