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From: General Secretariat of the Council

To: Delegations

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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council (Omnibus Proposal)

- Examination of the EP amendments
- Presidency questions for the exchange of views

The European Parliament's Committee on Agriculture adopted its report on the agricultural provisions of the above-mentioned Regulation on 3 May 2017.¹

There are a number of **similarities** between the draft amendments contained in the report and the Council's position adopted within the SCA in April (doc. 8314/17). Some amendments are identical to the Council's position, while others are similar in part or in principle.

However, there are also some **important differences**.

¹ PE599.808

On some issues, the draft EP amendments reflect a **different approach** from that agreed within the Council, for example:

- on **rural development**, the EP proposes a different definition for 'young farmer' and the deletion of the different conditions for financial instruments as regards investments in physical assets;
- on the **active farmer** condition in the Direct Payments Regulation, the EP accepts the addition of flexibility, but rejects the possibility of making the condition optional; and
- regarding the provisions on **young farmers** in the Direct Payments Regulation, both institutions reject the Commission's proposals for Articles 50 and 51, but the EP is proposing other amendments to Article 50.

The draft EP amendments also address a number of **additional issues** not included in the Council position, either because they were not considered within the SCA, or because they were considered, but did not receive sufficient support. These include, in particular:

- additional amendments to the **Rural Development** Regulation as regards risk management tools (crop, animal and plant insurance, mutual funds and IST) and the extension of the rural development programmes;
- changes to the **Horizontal** Regulation's provisions on certification bodies and financial discipline and new articles on "materiality threshold", "single audit", "retroactive ban" and "restriction of documents from the Commission";
- changes to the **greening** regime in the direct payments Regulation, particularly to the technical requirements for environmental focus areas;
- the introduction to the CMO Regulation of new provisions on "bargaining organisations" and changes to the rules concerning **interactions between producers**; and
- changes to the CMO Regulation regarding **market measures**.

The Annex to this note contains, for ease of reference, a detailed analysis comparing the draft EP amendments with the agreed Council position.

With a view to the upcoming negotiations, the Presidency invites the SCA to examine the draft EP amendments at its meetings on 22 May and 6 June. The first meeting will focus on the amendments to the **Direct Payments and CMO Regulations**.

On that occasion, the Presidency invites delegations to indicate, in particular:

- (1) whether they could agree to consider any amendments to the Direct Payments Regulation regarding **greening** within the framework of the Omnibus Regulations and, if so, which ones;
and
- (2) whether they would be ready to consider any of the many draft amendments to the CMO Regulation concerning collaboration between **producers** and the relations between them and other players in the agricultural supply chain within the framework of the Omnibus Regulation and, if so, which ones.

Analysis of the draft EP amendments voted by the Agriculture Committee on 3 May 2017**Rural Development Regulation**

Amendment no.	Amendment to	Comment
5	Art. 2.1 n) (young farmer definition)	Not proposed by the Commission or considered during the discussions to date within the Council.
6	Art. 2.1 s) (definition date of setting up)	This draft amendment is identical to the Council text.
7	Art. 11.1a) (amendment of RD programmes)	Not proposed by the Commission or considered during the discussions to date within the Council.
8	Art. 14. 4 (knowledge transfer and information actions)	Draft amendment identical to the Council text.
9 & 10	Art. 15.2&3 (advisory services)	Both draft amendments not proposed by the Commission, and although considered in Council, not finally retained in its position.
11 & 12	Art. 16.1 & 3 (quality schemes)	Both draft amendments not proposed by the Commission or considered during the discussions to date within the Council.
13	Art. 17.1b) (investment in physical assets)	This amendment is contrary to both the Commission proposal and Council position.
14	Art. 17. 2a) (new) (investment in physical assets)	Not proposed by the Commission or considered during the discussions to date within the Council.
15 & 16	Art. 19. 4, sub 1&5 (farm and business development)	Both draft amendments are identical to the Council text.
17	Art. 19.5 (farm and business development)	Not proposed by the Commission or considered during the discussions to date within the Council.
18 & 19	Art. 23 (heading &1) (establishment of	Not proposed by the Commission or considered during the discussions to date within the Council.

	agroforestry systems)	
20 - 26	Art. 27 (title and 1,2,3&5) (setting-up of producer group and organizations)	Not proposed by the Commission or considered during the discussions to date within the Council.
27	Art. 28.9 (agri-environment-climate)	Draft amendment is very similar to the Council text.
28	Art. 29.1 (organic farming)	This draft amendment was considered by Council but not retained in the Council position.
29	Art.31.2 (areas facing natural constraints)	Draft amendment not proposed by the Commission or considered during the discussions to date within the Council.
30 - 32	Art.36 1a) & d) & 5 (risk management)	Draft amendments not proposed by the Commission or considered during the discussions to date within the Council.
33 & 34	Art. 37.1 (crop, animal and plant insurance)	Draft amendments not proposed by the Commission or considered during the discussions to date within the Council.
35 - 37	Art. 38.3 (mutual funds for adverse climatic events, etc)	Draft amendments not proposed by the Commission or considered during the discussions to date within the Council.
38 & 39	Art. 39.1&4 (IST for farmers of all sectors)	Draft amendments not proposed by the Commission nor considered in Council so far.
40	Art. 39a (IST for farmers of a specific sector)	Draft amendment not proposed by the Commission and only partly considered in Council.
41	Art.45.5 (investments)	Draft amendment not proposed by the Commission nor considered in Council so far.
42	Art. 45.7a (new) (investments)	Draft amendment not proposed by the Commission nor considered in Council so far.
43	Art. 58.1 (resources and their distribution)	Draft amendment not proposed by the Commission nor considered in Council so far.
44	Art. 60 (eligibility of expenditure)	Draft amendment contrary to Commission proposal and Council position.
45	Art. 66.1 (managing authority)	Draft amendment not proposed by the Commission nor considered in Council so far.

46	Art. 74a) (Monitoring Committee)	Draft amendment contrary to Commission proposal and Council position.
47 - 50	Annex II, 17.3, 37.5, 38.5, 39.5 (amounts and support rates)	Draft amendments not proposed by the Commission nor considered in Council so far.

Horizontal Regulation

Amendment no.	Amendment to	Comment
51 & 52	Art.9.1 (certification bodies)	Draft amendments not proposed by the Commission nor considered in Council so far.
53	Art. 9a (new) (materiality threshold)	Draft amendment not proposed by the Commission nor considered in Council so far.
54&55	Art. 26. 5 (financial discipline)	Draft amendments contrary to the Commission proposal, and although considered in Council, not retained in the Council's position.
56 - 58	Art.26.6 &7 and 7a (new) (financial discipline)	Draft amendments not proposed by the Commission, and although considered in Council, not retained in its position.
59	Art. 52a (new) (consideration of existing assessments (single-audit))	Draft amendment not proposed by the Commission nor considered in Council so far.
60	Art. 54.2 (common provisions)	Draft amendment identical to the Council text.
61 & 62	Art. 54.3 & 3 ba (new) (common provisions)	Draft amendments not proposed by the Commission and although considered in Council, not retained in its position.
63	Art. 72.2 (aid applications and payment claims)	Draft amendment identical to the Council text.
64	Art.75.1 (payment to beneficiaries)	Draft amendment not proposed by the Commission, and although considered in Council, not retained in its position.
65	Art. 118a (new) (retroactive ban)	Draft amendment not proposed by the Commission nor considered in Council so far.
66	Art. 118b (new) (restriction of documents of the Commission)	Draft amendment not proposed by the Commission nor considered in Council so far.

Direct Payments Regulation

Amendment no.	Amendment to	Comment
67	Art. 4, para. (1)(c) (definition of "agricultural activity")	Not proposed by the Commission or considered during the discussions to date within the Council.
68	Art. 4, para. (1)(f) (definition of "arable land")	Identical to the text agreed within the Council.
69	Art. 4, para. (1)(h) (definition of "permanent grassland")	Identical in substance to the text agreed within the Council, with the exception of the change of the reference period from five to seven years.
70	Art. 4, para. (1)(i) (definition of "grasses or other herbaceous forage")	Not proposed by the Commission or considered during the discussions to date within the Council.
71 & 72	Art. 9 (active farmer)	Draft amendment 71 seems to have a similar aim to the amendment to Article 9(3) included in the Council's position. However, while the Parliament accepts the new Article 9(7) proposed by the Commission (possibility of applying just two of the three criteria), unlike the Council its draft amendment 72 rejects the new Article 9(8) (which would make Article 9 as a whole optional).
73	Art. 25(4) (reduced payments - mountain areas)	Not proposed by the Commission or considered during the discussions to date within the Council.
74	Art. 30(7) (use of national or regional reserves after a natural disaster)	Not proposed by the Commission or considered during the discussions to date within the Council.
75	Art. 34(3) (transfers of payment entitlements - mountain areas)	Not proposed by the Commission or considered during the discussions to date within the Council.
76	Art. 43 (payments for agricultural practices beneficial for the climate and the environment)	Not proposed by the Commission or considered during the discussions to date within the Council.
77 - 81	Art. 44 (crop diversification)	Not proposed by the Commission or considered during the discussions to date within the Council.
82 & 83	Art. 45 (permanent grassland)	The aim of amendment 82 seems similar to the new subparagraph of Article 45(3) included in the

		Council position, while the wording of amendment 83 is almost identical to that of the Council text.
84 - 94	Art. 46 (EFAs)	Not proposed by the Commission or considered during the discussions to date within the Council.
95 - 103	Arts 50 & 51 (young farmers)	The Council and the Parliament both reject the Commission's proposals, but Parliament's draft amendments would make other changes to Article 50 similar to suggestions considered, but not retained, within the Council.
104 - 106	Arts 52 & 53 (voluntary coupled support)	The amendment to Article 53(6) is identical to the Council text. The amendments to Article 52 concern protein crops, an issue discussed but not retained within the Council.
107 & 108	Arts 63 & 64 (small farmers scheme)	The amendment to Article 63 was not proposed by the Commission or considered during the discussions to date within the Council. That to Article 64 is identical to a proposal considered, but not retained, during the discussions within the Council.
109 - 113	Annex X (EFAs)	Not proposed by the Commission or considered during the discussions to date within the Council.

CMO Regulation

Amendment no.	Amendment to	Comment
114 - 122	Arts 33, 34 & 35 (fruit & vegetables)	The draft amendments to Articles 33 and 34 are similar, in part, to the Council text, while those to Article 35 are very similar.
123	Art. 62 (vine plantings)	Not proposed by the Commission or considered during the discussions to date within the Council.
124	Art. 64 (new vine plantings)	Identical to the Council text.
125 - 128	Arts 148 & 149 (contractual relations)	Amendments to Article 148 and the deletion of Article 149 were not proposed by the Commission or considered during the discussions to date within the Council.
129 - 145	Arts 152, 152a, 152b 154, 154a, 156, 157, 158a, 159, 161 (producer, interbranch and bargaining organisations)	Not proposed by the Commission or considered during the discussions to date within the Council.
146 - 151	Arts 168, 169, 170 & 171 (contractual relations)	Neither amendments to Article 168 nor the deletion of Articles 169, 170 and 171 were proposed by the Commission nor considered during the discussions to date within the Council.
152	New Art. 175a	The amendment would require the Commission to make a proposal on unfair trading practices, violating its right of initiative.
153 - 158	Art. 209 (competition)	Not proposed by the Commission or considered during the discussions to date within the Council.
159	Art. 219(1) (measures against market disturbance)	Not proposed by the Commission or considered during the discussions to date within the Council.
160	New Art. 220a (voluntary production reduction scheme)	Not proposed by the Commission or considered during the discussions to date within the Council.
161 - 163	Art. 222 (competition)	Not proposed by the Commission or considered during the discussions to date within the Council.
164	Deletion of Art. 232(2) (application of certain provisions until 30/06/2020)	The deletion of this provision was not proposed by the Commission, nor considered during the discussions to date within the Council.

165	Annex VII, Part II (wine)	Draft amendment 165 is very similar to the Council text.
166 & 167	Annex VIII (oenological practices)	Not proposed by the Commission or considered during the discussions to date within the Council.
