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NOTE

From:	General Secretariat of the Council
To:	Special Committee on Agriculture
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021 - Partial mandate for negotiations with the European Parliament

Delegations will find attached the text of the partial¹ negotiating mandate on the aforementioned proposal² which was endorsed by the Special Committee on Agriculture at its meeting on 6 April 2020. The text of the mandate is in Annex A and the Council statement agreed at the same time is in Annex B.

¹ All reference amounts are pending the conclusion regarding the Multiannual Financial Framework (2021 - 2027).

² Changes to the Commission proposal are marked in **bold underlined** and ~~strikethrough~~

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021¹

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 43(2) and Article 349 thereof,

Having regard to the proposal from the European Commission,

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

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

¹ **This text is still subject to legal and technical examination.**

² OJ C , , p. .

³ OJ C , , p. .

Whereas⁴:

- (1) The Commission's legislative proposals⁵ on the common agricultural policy (CAP) beyond 2020 aimed to make the CAP more responsive to current and future challenges such as climate change or generational renewal, while continuing to support farmers in the Union for a sustainable and competitive agricultural sector. Those proposals are closely linked to the multiannual financial framework (MFF) of the Union for the years 2021 to 2027.
- (2) The Commission proposed to link the CAP to the delivery of performance ('delivery model'). Under the new legal framework, the Union is to set the basic policy parameters, such as objectives of the CAP and basic requirements, while Member States are to bear greater responsibility as to how they meet the objectives and achieve targets. Accordingly, Member States are to draw up CAP Strategic Plans, which are to be approved by the Commission and implemented by Member States.
- (3) The legislative procedure was not concluded in time to allow Member States and the Commission to prepare all elements necessary to apply the new legal framework and the CAP Strategic Plans as of 1 January 2021, as initially proposed by the Commission.

⁴ **All recitals will be revised in due course to make them consistent with the articles.**

⁵ Proposal for a Regulation of the European Parliament and of the Council establishing rules on support for strategic plans to be drawn up by Member States under the Common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council, COM(2018)392 final - 2018/0216 (COD); Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013, COM(2018)393 final - 2018/0217 (COD); Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for agriculture in favour of the smaller Aegean islands, COM(2018)394 final/2.

- (4) Therefore, in order to ensure that support can be granted to farmers and other beneficiaries from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) in 2021, the Union should continue to grant such support for one more year under the conditions of the existing legal framework, which covers the period 2014 to 2020. The existing legal framework is laid down in particular in Regulations (EU) No 1303/2013⁶, (EU) No 1305/2013⁷, (EU) No 1306/2013⁸, (EU) No 1307/2013⁹, (EU) No 1308/2013¹⁰, (EU) No 228/2013¹¹ and (EU) No 229/2013¹² of the European Parliament and of the Council. In addition, to facilitate the transition from existing support schemes to the new legal framework which covers the period starting on 1 January 2022, rules should be laid down to regulate how certain support granted on a multiannual basis will be integrated into the new legal framework.

⁶ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

⁷ Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

⁸ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

⁹ Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).

¹⁰ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).

¹¹ Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 (OJ L 78, 20.3.2013, p. 23).

¹² Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006 (OJ L 78, 20.3.2013, p. 41).

- (5) In light of the fact that the Union should continue to support rural development in 2021, Member States, that demonstrate the risk to run out of funds and not to be able to undertake new legal commitments in accordance with Regulation (EU) No 1305/2013, should have the possibility to extend their rural development programmes or certain of their regional rural development programmes supported by the EAFRD to 31 December 2021 and to finance those extended programmes from the corresponding budget allocation for the year 2021. The extended programmes should aim at maintaining at least the same ~~overall level of~~ environment and climate ambition.
- (6) Since certain Member States may still have funds provided by the Union in previous years, Member States should also have the possibility not to extend their rural development programmes or not to extend certain of their regional rural development programmes. Those Member States should have the possibility to transfer the EAFRD budget allocation for 2021 or the part of the EAFRD budget allocation corresponding to the regional rural development programmes that have not been extended, to the financial allocations for the years 2022 to 2025, in accordance with the Council Regulation (EU) .../[Regulation laying down the multiannual financial framework for the years 2021 to 2027]¹³.
- (7) In order to allow the Commission to provide the necessary financial planning and the corresponding adjustments of the annual breakdowns of the Union support set out in the Annex to Regulation (EU) No 1305/2013, Member States should inform the Commission soon after the entry into force of this Regulation whether they decide to extend their rural development programmes and, in case of regional rural development programmes, which of those programmes they decide to extend, and consequently which corresponding amount of the budget allocation for 2021 is not to be transferred to the following years.

¹³ Regulation MFF OJ L , , p. .

- (8) Regulation (EU) No 1303/2013 lays down common rules applicable to the EAFRD and some other Funds, which operate under a common framework. That Regulation should continue to apply to programmes supported by the EAFRD for the 2014–2020 programming period as well as to those programmes supported by the EAFRD for which Member States decide to extend that period to 31 December 2021. For those Member States, the Partnership Agreement drawn up for the period from 1 January 2014 to 31 December 2020 in accordance with Regulation (EU) No 1303/2013 should continue to be used as a strategic document by Member States and the Commission with regard to the implementation of support granted by the EAFRD for the programming year 2021.
- (9) Certain deadlines laid down in Regulation (EU) No 1303/2013 in respect of implementation reports, annual review meetings, ex-post evaluations and synthesis reports, eligibility of expenditure and decommitment as well as budget commitments are limited to the 2014-2020 programming period. Those deadlines should be adapted to take account of the extended duration of the period during which programmes relating to support from the EAFRD may be implemented.

- (10) Regulation (EU) No 1310/2013 of the European Parliament and of the Council¹⁴ and Commission Delegated Regulation (EU) No 807/2014¹⁵ provide that expenditure for certain long-term commitments undertaken pursuant to certain regulations that granted support for rural development before Regulation (EU) No 1305/2013 should continue to be paid by the EAFRD in the 2014-2020 programming period under certain conditions. That expenditure should also continue to be eligible for the duration of their respective legal commitment under the same conditions in the programming year 2021. For reasons of legal clarity and certainty, it also should be clarified that the legal commitments undertaken under measures that correspond to measures of Regulation (EU) No 1305/2013 to which the integrated administration and control system applies, should be subject to this integrated administration and control system and that payments related to these legal commitments have to be made within the period from 1 December to 30 June of the following calendar year.
- (11) For reasons of coherence with the other Funds regulated by Regulation (EU) XXXX/XXXX [New CPR of the European Parliament and of the Council]¹⁶, the EAFRD should be able to support Community-led local development set up in accordance with the new rules laid down in that Regulation.

¹⁴ Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014 (OJ L 347, 20.12.2013, p. 865).

¹⁵ Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions (OJ L 227, 31.7.2014, p. 1).

¹⁶ Regulation (EU) .../... of the European Parliament and of the Council [*full title*] (OJ L ..., ..., p. ...).

- (12) In the allocation of payment entitlements (or recalculation for Member States keeping existing entitlements) in 2015 under Regulation (EU) No 1307/2013, some Member States made errors in the establishment of the number or value of payment entitlements. Many of those errors, even when occurred for a single farmer, influence the value of the payment entitlements for all farmers and for all years. Some Member States made errors also after 2015, when allocating entitlements from the reserve (e.g. in the calculation of the average value). These non-compliances are normally subject to financial correction until corrective measures are taken by the Member State concerned. In the light of the time that has elapsed since the first allocation, the efforts made by Member States to establish, and where relevant, correct entitlements, and also in the interest of legal certainty, the number and value of payment entitlements should be considered legal and regular with effect from a certain date.
- (13) However, the confirmation of payment entitlements does not represent an exemption from the Member States' responsibility under the shared management of the EAGF to ensure the protection of the Union budget from irregular expenditure. Hence, the confirmation of the payment entitlements allocated to farmers before 1 January 2020, as from 1 January 2021, should not prejudice the Commission's power to take decisions referred to in Article 52 of Regulation (EU) No 1306/2013 in relation to irregular payments granted in respect of any calendar year up to 2020 included, resulting from errors in the number or value of those payment entitlements.
- (14) In light of the fact that the CAP Strategic Plans to be prepared by Member States in accordance with the new legal framework are to be applicable as of 1 January 2022, transitional rules should be laid down to regulate the transition from existing support schemes to the new legal framework, in particular Regulation (EU) .../... of the European Parliament and of the Council¹⁷[CAP Strategic Plan Regulation].

¹⁷ Regulation (EU) .../... of the European Parliament and of the Council [*CAP Strategic Plan*] (OJ L ..., ..., p. ...).

- (15) Certain expenditure for certain long-term commitments undertaken pursuant to Regulations that granted support for rural development before Regulation (EU) 1305/2013 were still eligible in the programming period 2014-2020. With the exception of cases where the duration of these long-term commitments has elapsed, this expenditure should continue to be eligible during the period covered by the CAP Strategic Plan for the duration of the respective legal commitments subject to the contribution rate applicable in that period and provided that it is inserted in the CAP Strategic Plan and that the expenditure is paid in line with Regulation (EU) [HzR]. The same should apply to certain long-term commitments that have been taken under Regulation (EU) No 1305/2013 or Regulation (EU) No 1303/2013. In this context it should be clarified that the legal commitments undertaken under measures that correspond to area- and animal based types of interventions determined in the CAP Strategic Plan should be subject to the integrated administration and control system and that payments related to those legal commitments have to be made within the period from 1 December to 30 June of the following calendar year.
- (16) Regulation (EU) No 1308/2013 lays down rules for the common organisation of agricultural markets and includes certain aid schemes in Articles 29 to 60. Those aid schemes should be integrated in the future CAP Strategic Plans of the Member States as sectoral interventions referred to in points (a) to (e) of Article 39 of Regulation (EU) .../... [CAP Strategic Plan Regulation]. To ensure coherence, continuity and a smooth transition between those aid schemes of Regulation (EU) No 1308/2013 and the sectoral types of interventions of Regulation (EU) .../... [CAP Strategic Plan Regulation], rules should be laid down regarding the duration of each of those aid schemes with respect to the date from which the future CAP Strategic Plans of the Member States have legal effects.
- (17) As regards the aid scheme in the olive oil and table olives sector, the existing work programmes drawn up for the period running from 1 April 2018 until 31 March 2021 should be extended until 31 December 2021. For aid schemes in the fruit and vegetables sector rules should be laid down regarding the modification or replacement of operational programmes.

- (18) With the view to ensuring continuity as regards the aid schemes in the wine sector and the apiculture sector, rules need to be laid down that allow those aid schemes to continue to be implemented until the end of their respective programming periods. For this period certain provisions of Regulation (EU) No 1306/2013 should therefore continue to apply in relation to expenditure incurred and payments made for operations implemented pursuant to Regulation (EU) No 1308/2013 after 31 December 2021 and until the end of those aid schemes.
- (19) In order to limit a significant carry-over of commitments from the current programming period for rural development to the CAP Strategic Plans, the duration of new multiannual commitments in relation to agri-environment-climate, organic farming and **animal welfare** ~~forest-environment~~ should be limited to a period of maximum 3 years. The extension of existing commitments should be limited to one year.
- (20) The EAFRD should be able to support Community-led local development set up in accordance with the new rules laid down by Regulation (EU) XXXX/XXXX [New CPR]. However, in order to avoid unspent funds for Community-led local development in the programming year 2021, Member States that decide to extend their rural development programmes to 31 December 2021 and that also make use of the possibility to transfer amounts from direct payments to rural development, should be able to apply the 5% minimum allocation for Community-led local development only to the EAFRD contribution to the rural development extended to 31 December 2021 calculated before the transfer of amounts from direct payment has been done.
- (21) In order to ensure continuity in the transitional period, the reserve for crises in the agricultural sector should be maintained for 2021 and the relevant amount of the reserve for 2021 should be included.
- (22) As regards prefinancing arrangements from the EAFRD, it should be made clear that where Member States decide to extend the 2014–2020 period to 31 December 2021, this should not lead to any additional prefinancing granted for the programmes concerned.

- (23) Article 11 of Regulation (EU) No 1307/2013 currently only provides for a notification obligation for Member States as regards their decisions and the estimated product related to the reduction of the part of the amount of direct payments to be granted to a farmer for a given calendar year exceeding EUR 150 000 for the years 2015 to 2020. With a view to ensuring a continuation of the existing system, Member States should also notify their decisions and the estimated product of reduction for calendar year 2021.
- (24) Article 14 of Regulation (EU) No 1307/2013 allows Member States to transfer funds between direct payments and rural development as regards calendar years 2014 to 2020. In order to ensure that Member States may keep their own strategy, the flexibility between pillars should be made available also for calendar year 2021 (i.e. financial year 2022).
- (25) In order to allow the Commission to be able to set the budgetary ceilings in accordance with Articles 22(1), 36(4), 42(2), 47(3), 49(2), 51(4) and 53(7) of Regulation (EU) No 1307/2013, it is necessary that Member States notify their decisions on financial allocations by scheme for calendar year 2021 by ~~1 August~~ **1dd/mm]**¹⁸ 2020.
- (26) Article 22(5) of Regulation (EU) No 1307/2013 provides for a linear adjustment of the value of entitlements in case of a change in the ceiling for the basic payment scheme from one year to the following due to certain decisions taken by Member States and affecting the ceiling for the basic payment scheme. The extension of Annex II to that Regulation on national ceilings after calendar year 2020 and the possible annual changes from that date might have an impact on the ceiling for the basic payment scheme. Therefore, for Member States to be able to respect the obligation of equality of the sum of the value of entitlements and reserve(s) with the ceiling for the basic payment scheme laid down in Article 22(4) of that Regulation, it is appropriate to provide for a linear adjustment to adapt to the extension of or the changes in that Annex II during the transitional period. Moreover, to provide greater flexibility to Member States, it appears appropriate to allow Member States to adapt the value of entitlements or of the reserve, possibly with different rates of adjustment.

¹⁸ **To be adjusted depending on the likely time for adoption of this regulation.**

- (27) In accordance with the current legal framework, Member States notified in 2014 their decisions up to calendar year 2020, on the division of the annual national ceiling for the basic payment scheme between the regions and the possible annual progressive modifications for the period covered by Regulation (EU) No 1307/2013. It is necessary that Member States also notify those decisions for calendar year 2021.
- (28) The internal convergence mechanism is the core process for a more equitable distribution of direct income support among farmers. Significant individual differences based on old historic references become more and more difficult to justify. In Regulation (EU) No 1307/2013, the basic model of internal convergence consists in the application by Member States of a uniform flat rate for all payment entitlements, at national or regional level, from 2015. However, for the sake of ensuring a smoother transition to a uniform value, a derogation was set out allowing Member States to differentiate the values of payment entitlements by applying partial convergence, also called the ‘tunnel model’, between 2015 and 2019. Some Member States made use of this derogation. To continue the process towards a more equitable distribution of direct payments, Member States can further converge towards a national or regional average after 2019 instead of going to a uniform flat rate or keeping the value of entitlements at their 2019 level. They should notify annually their decision for the following year.

- (29) Article 30 of Regulation (EU) No 1307/2013 provides for the annual progressive modifications in the value of the payment entitlements allocated from the reserve to reflect the annual steps of the national ceiling set in Annex II to that Regulation, reflecting a “multiannual” management of the reserve. Those rules should be adapted so to reflect that it is possible to amend both the value of all allocated entitlements and of the reserve to adjust to a change in the amount in that Annex II between two years. Moreover, in some Member States not having reached a flat rate by 2019, internal convergence is implemented on an annual basis. For calendar years 2020 and 2021, only the value of the payment entitlement of the current year needs to be determined in the year of allocation. The unit value of entitlements to be allocated from the reserve in a given year should be calculated after possible adjustment of the reserve in accordance with Article 22(5) of that Regulation. In any subsequent year, the value of the payment entitlements allocated from the reserve should be adapted in accordance with that Article 22(5).
- (30) Article 36 of Regulation (EU) No 1307/2013 provides the application of the single area payment scheme (SAPS) until 31 December 2020. The CAP Strategic Plan Regulation (EU) .../... [CAP Strategic Plan Regulation] allows Member States to implement a basic income support with the same modalities, i.e. without the allocation of payment entitlements based on historic references. Therefore, it is appropriate to allow the prolongation of SAPS in 2021.
- (31) For the sake of legal certainty, it should be clarified that Articles 41 and 42 of Regulation (EU) No 1307/2013 allow Member States to review, on an annual basis, their decisions on the redistributive payment.

(31a) Article 52(10) of Regulation (EU) No 1307/2013 empowers the Commission to adopt delegated acts allowing Member States to decide that voluntary coupled support can continue to be paid until 2020 on the basis of the production units for which such support was granted in a past reference period. This aims at ensuring the greatest possible consistency between Union schemes targeting sectors that can be marked by structural market imbalances. It is therefore appropriate to prolong this empowerment to also cover 2021.

(32) Regulations (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 228/2013 and (EU) No 229/2013 should therefore be amended accordingly.

(33) As regards the clarification on convergence from the year 2020, point 6 of Article 10 should apply retroactively from 1 January 2020.

(34) Furthermore, the amendments to Regulations (EU) No 228/2013 and (EU) No 229/2013 should apply from 1 January 2021 in line with Regulation (EU) .../...[Regulation laying down the multiannual financial framework for the years 2021 to 2027],

HAVE ADOPTED THIS REGULATION:

Title I

Transitional Provisions

Chapter I

Continued application of Regulation (EU) No 1303/2013 for the programming year 2021 and extension of certain periods under Regulations (EU) No 1303/2013 and (EU) No 1310/2013

Article 1¹⁹

Extension of the period for programmes supported by the EAFRD

1. For programmes supported by the European Agricultural Fund for Rural Development (EAFRD), Member States that risk, due to the lack of financial resources, not to be able to undertake new legal commitments in accordance with Regulation (EU) No 1305/2013, may extend the period laid down in Article 26(1) of Regulation (EU) No 1303/2013 to 31 December 2021.

Member States that decide to make use of the possibility provided in the first subparagraph shall notify the Commission of their decision within [10]²⁰ days after the entry into force of this Regulation. Where Member States have submitted a set of regional programmes in accordance with Article 6 of Regulation (EU) No 1305/2013, that notification shall also contain information on which of the regional programmes are to be extended and on the corresponding budgetary allocation within the annual breakdown for the year 2021 as set out in Annex I to Regulation (EU) No 1305/2013.

¹⁹ **The fact that the amendment of the RDP shall not count as an amendment in relation to the maximum number of programme amendments laid down on the basis of Article 12 of Reg. 1305/2013 in Reg. 808/2014 will be solved through an amendment of Reg. 808/2014. The same is valid for the deadline for the submission of programme amendments to the Commission in Reg. 808/2014.**

²⁰ **To be discussed at a later stage if there is any margin to extend this deadline.**

Where the Commission considers that an extension of the period under the first subparagraph is not justified, it shall inform the Member State thereof within ~~6~~**3** weeks after receipt of the notification referred to in the second subparagraph. **In that case, the Member State concerned shall inform the Commission within 3 weeks whether it withdraws its decision or whether it maintains its decision, providing its reasons for it.**

The notification referred to in the second subparagraph shall be without prejudice to the need to submit a request to amend a rural development programme for the year 2021 as referred to in Article 11~~(4)~~(a) of Regulation (EU) No 1305/2013. Such an amendment shall aim at maintaining at least the same overall ~~level~~ **share** of the EAFRD ~~expenditure~~ **contribution** **reserved** for the measures referred to in Article 59(6) of that Regulation.

2. For Member States that do not decide to make use of the possibility provided in paragraph 1 of this Article, Article [8] of Regulation (EU) .../...[Regulation laying down the multiannual financial framework for the years 2021 to 2027] shall apply to the allocation not used for the year 2021 as set out in Annex I to Regulation (EU) No 1305/2013.

Where a Member State decides to make use of the possibility provided in paragraph 1 only with regard to certain regional programmes, the allocation referred to in the first subparagraph of this paragraph shall be the amount set out for that Member State for 2021 in Annex I to Regulation (EU) No 1305/2013 minus the budgetary allocations notified in accordance with the **second** ~~first~~ subparagraph of paragraph ~~1~~**2** for the regional programmes that are extended.

Article 2

Continued application of Regulation (EU) No 1303/2013 to programmes supported by the EAFRD

1. Regulation (EU) No 1303/2013 shall continue to apply to programmes supported by the EAFRD under the 2014–2020 programming period and to the programmes for which Member States decide to extend the 2014-2020 period in accordance with Article 1(1) of this Regulation.
2. For programmes for which Member States decide to extend the 2014–2020 period in accordance with Article 1(1) of this Regulation, the references to time periods or deadlines in Articles 50(1), 51(1), 57(2), 65(2) and (4), and the first paragraph of Article 76 of Regulation (EU) No 1303/2013 shall be extended for one year.
- 2a. For programmes for which Member States decide to extend the 2014–2020 period in accordance with Article 1(1) of this Regulation, Member States shall amend their targets established in the context of the performance framework set out in Annex II to Regulation (EU) No 1303/2013 to establish targets for 2024. For these programmes, references to targets for 2023 in implementing acts adopted on the basis of Article 22 (7) of Regulation (EU) No 1303/2013 or on the basis of Article 8(3), 67, 75(5) and 76(1) of Regulation (EU) No 1305/2013 shall be read as references to targets for 2024.**
3. For Member States that decide to extend the 2014–2020 period in accordance with Article 1(1) of this Regulation, the Partnership Agreement drawn up for the period from 1 January 2014 to 31 December 2020 in accordance with Regulation (EU) No 1303/2013 shall continue to be used as a strategic document by Member States and the Commission with regard to the implementation of support granted by the EAFRD for the year 2021.
4. The final date by which the Commission is to prepare a synthesis report outlining the main conclusions of ex-post evaluations of the EAFRD set in Article 57(4) of Regulation (EU) No 1303/2013 shall be 31 December 2026.

Article 3
Eligibility of certain types of expenditure in 2021

Without prejudice to Article 65(2) of Regulation (EU) No 1303/2013, to Article 2(2) of this Regulation and to Article 38 of Regulation (EU) No 1306/2013, the expenditure referred to in Article 3(1) of Regulation (EU) No 1310/2013 and in Article 16 of Delegated Regulation (EU) No 807/2014 shall be eligible for an EAFRD contribution from the 2021 allocation for programmes supported by the EAFRD for which Member States decide to extend the 2014–2020 period in accordance with Article 1(1) of this Regulation, subject to the following conditions:

- (a) such expenditure is provided for in the respective rural development programme for 2021;
- (b) the EAFRD contribution rate of the corresponding measure under Regulation (EU) No 1305/2013, as set out in Annex I to Regulation (EU) No 1310/2013 and in Annex I to Delegated Regulation (EU) No 807/2014, applies;
- (c) the system referred to in Article 67(2) of Regulation (EU) No 1306/2013 applies to the legal commitments undertaken under measures that correspond to support granted in accordance with points (a) and (b) of Article 21(1) and Articles 28 to 31, 33, 34 and 40 of that Regulation **(EU) No 1305/2013** and the relevant operations are clearly identified; and
- (d) the payments for the legal commitments referred to in point (c) are made within the period laid down in Article 75 of Regulation (EU) No 1306/2013.

Chapter II

Application of Articles 25 to 28 of Regulation (EU) [NEW CPR] for the programming year 2021

Article 4

Community-led local development

For programmes supported by the EAFRD in the 2014–2020 period and for the programmes for which Member States decide to extend the 2014-2020 period in accordance with Article 1(1) of this Regulation, the EAFRD may support:

- (a)** multi-funded community-led local development in accordance with Articles 25 to 28 of Regulation (EU) [NEW CPR]; **and**
- (b)** **capacity building and preparatory actions supporting the design and the future implementation of the community-led local strategies in accordance with Article 28 (1) (a) of Regulation (EU) [NEW CPR].**

Chapter III

Payment entitlements for direct payments to farmers

Article 5

Definitive payment entitlements

1. Payment entitlements allocated to farmers before 1 January 2020 shall be considered legal and regular as from 1 January 2021. The value of those entitlements to be considered legal and regular shall be the value for calendar year 2020 valid on 31 December 2020. This is without prejudice to the relevant articles of Union law concerning the value of payment entitlements for calendar years 2021 onwards, in particular Article 22(5) and 25(12) of Regulation (EU) No 1307/2013.

2. Paragraph 1 shall not apply to payment entitlements allocated to farmers on the basis of factually incorrect applications, except in cases where the error could not reasonably have been detected by the farmer.
3. Paragraph 1 of this Article shall not prejudice the Commission's power to take decisions referred to in Article 52 of Regulation (EU) No 1306/2013 in relation to expenditure incurred for payments granted in respect of calendar years up to 2020 included.

Chapter IV

Transitional provisions relating to ~~Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1308/2013 and the implementation of the CAP Strategic Plans~~ Rural development

Article 6

Eligibility of expenditure incurred under Regulation (EU) No 1305/2013, and certain types of expenditure incurred under Regulation (EC) No 1698/2005 and Regulation (EC) No 1257/1999

Expenditure relating to legal commitments to beneficiaries incurred under Regulation (EU) No 1305/2013, and of certain types of expenditure incurred under Regulation (EC) No 1698/2005 and Regulation (EC) No 1257/1999 may be eligible for a contribution from the EAFRD in the period 2022-2027 from 1 January 2022, subject to the conditions to be determined in accordance with the CAP legal framework applicable in the period 2022-2027.

SECTION 1
RURAL DEVELOPMENT

Article 6

Eligibility of certain types of expenditure in the CAP Strategic Plan period

1. ~~Expenditure relating to legal commitments to beneficiaries incurred under the measures referred to in Articles 23, 39 and 43 of Council Regulation (EC) No 1698/2005²¹ which are receiving support under Regulation (EU) No 1305/2013 shall continue to be eligible for an EAFRD contribution in the period 2022–2027 covered by the CAP Strategic Plan, subject to the following conditions:~~
- ~~(a) such expenditure is provided for in the respective CAP Strategic Plan for 2022–2027 in accordance with Regulation (EU) [CAP Plan Regulation] and complies with Regulation (EU) [HzR];~~
 - ~~(b) the EAFRD contribution rate of the corresponding intervention set in the CAP Strategic Plan in accordance with Regulation (EU) [CAP Strategic Plan Regulation], applies; If there is no corresponding intervention, the EAFRD contribution rate established in the CAP Strategic Plan pursuant to Article 85(2)(d) of Regulation (EU) No [CAP Strategic Plan Regulation] shall apply;~~
 - ~~(c) the integrated system referred to in Article 63 (2) of Regulation (EU) [HzR] applies to the legal commitments undertaken under measures that correspond to the area and animal-based types of interventions listed in Chapters II and IV of Title III of Regulation (EU) [CAP Strategic Plan Regulation] and the relevant operations are clearly identified; and~~
 - ~~(d) the payments for the legal commitments referred to in point (c) are made within the period laid down in Article 42 of Regulation (EU) [HzR].~~

²¹ ~~Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1).~~

~~2. Expenditure relating to legal commitments to beneficiaries incurred under the multiannual measures referred to in Articles 28, 29, 33 and 34 of Regulation (EU) No 1305/2013 and expenditure relating to legal commitments for a time period going beyond 1 January 2024, or beyond 1 January 2025 in Member States that have decided to extend the 2014-2020 period in accordance with Article 1(1) of this Regulation, under Articles 14 to 18, points (a) and (b) of Article 19(1), Article 20, Articles 22 to 27, 35, 38, 39 and 39a of Regulation (EU) No 1305/2013 and under Article 35 of Regulation (EU) No 1303/2013 shall be eligible for an EAFRD contribution in the period 2022-2027 covered by the CAP Strategic Plan, subject to the following conditions:~~

- ~~(a) such expenditure is provided for in the respective CAP Strategic Plan for 2022-2027 in accordance with Regulation (EU) [CAP Strategic Plan Regulation] and complies with Regulation (EU) [HzR];~~
- ~~(b) the EAFRD contribution rate of the corresponding intervention set in the CAP Strategic Plan in accordance with Regulation (EU) [CAP Strategic Plan Regulation], applies;~~
- ~~(c) the integrated system referred to in Article 63(2) of Regulation (EU) [HzR] applies to the legal commitments undertaken under measures that correspond to the area and animal-based types of interventions listed in Chapters II and IV of Title III of Regulation (EU) [CAP Strategic Plan Regulation] and the relevant operations are clearly identified; and~~
- ~~(d) the payments for the legal commitments referred to in point (c) are made within the period laid down in Article 42 of Regulation (EU) [HzR].~~

SECTION 2

~~AID SCHEMES REFERRED TO IN ARTICLES 29 TO 60 OF REGULATION (EU) NO 1308/2013~~

Article 7

Extended application of the aid schemes referred to in Articles 29 to 60 of Regulation (EU) No 1308/2013 and of Regulation (EU) No 1306/2013

- ~~1. The work programmes to support the olive oil and table olives sector referred to in Article 29 of Regulation (EU) No 1308/2013, drawn up for the period running from 1 April 2018 until 31 March 2021, shall be extended and shall end on 31 December 2021. The relevant producer organisations recognised under Article 152 of Regulation (EU) No 1308/2013, the relevant associations of producer organisations recognised under Article 156 of that Regulation and the relevant interbranch organisations recognised under Article 157 of that Regulation shall modify their work programmes to take account of this extension. The modified work programmes shall be notified to the Commission by 31 December 2020.~~
- ~~2. Recognised producer organisation in the fruit and vegetables sector having an operational programme as referred to in Article 33 of Regulation (EU) No 1308/2013 that has been approved by a Member State for a duration beyond 31 December 2021 shall, by 15 September 2021, submit a request to that Member State to the effect that its operational programme:~~
 - ~~(a) be modified to meet the requirements of Regulation (EU) [CAP Strategic Plan Regulation]; or~~
 - ~~(b) be replaced by a new operational programme approved under Regulation (EU) [CAP Strategic Plan Regulation].~~

~~Where a recognised producer organisation does not submit such request by 15 September 2021, its operational programme approved under Regulation (EU) No 1308/2013 shall end on 31 December 2021.~~

3. ~~The support programmes in the wine sector referred to in Article 40 of Regulation (EU) No 1308/2013 shall end on 15 October 2023. Articles 39 to 54 of Regulation (EU) No 1308/2013 shall continue to apply after 31 December 2021 as regards expenditure incurred and payments made for operations implemented pursuant to that Regulation before 16 October 2023 within the aid scheme referred to in Articles 39 to 52 of that Regulation.~~
4. ~~The national programmes in the apiculture sector referred to in Article 55 of Regulation (EU) No 1308/2013 shall end on 31 July 2022. Articles 55, 56 and 57 of Regulation (EU) No 1308/2013 shall continue to apply after 31 December 2021 as regards expenditure incurred and payments made for operations implemented pursuant to that Regulation before 1 August 2022 within the aid scheme referred to in Article 55 of that Regulation.~~
5. ~~As from the date from which a CAP Strategic Plan has legal effects in accordance with Article 106(7) of Regulation (EU)/..... [CAP Strategic Plan Regulation], the sum of the payments made in a financial year within each of the aid schemes referred to in Articles 29 to 31 and Articles 39 to 60 of Regulation (EU) No 1308/2013; and within each of the sectoral types of interventions referred to in points (b) to (e) of Article 39 of Regulation (EU)/.... [CAP Strategic Plan Regulation] shall not exceed the financial allocations laid down for each financial year for each of the sectoral types of interventions referred to in points (b) to (e) of Article 39 Regulation (EU)/..... [CAP Strategic Plan Regulation].~~
6. ~~With regard to the aid schemes referred to in paragraphs 3 and 4 of this Article, Articles 7(3), 9, 21, 43, 51, 52, 54, 59, 67, 68, 70 to 75, 77, 91 to 97, 99, 100, 102(2), 110 and 111 of Regulation (EU) No 1306/2013 and the relevant provisions of delegated and implementing acts related to those Articles shall continue to apply after 31 December 2021 in relation to expenditure incurred and payments made for operations implemented pursuant to Regulation (EU) No 1308/2013 after that date and until the end of the aid schemes referred to in paragraphs 3 and 4 of this Article.~~

Title II Amendments

Article 8

Amendments to Regulation (EU) No 1305/2013

Regulation (EU) No 1305/2013 is amended as follows:

- (1) in Article 28(5), the following second subparagraph is added:

‘For new commitments to be undertaken from 2021 Member States shall determine a shorter period of one to three **years** in their rural development programmes. If Member States provide for an annual extension of commitments after the termination of the initial period in accordance with the first subparagraph, from 2021 the extension shall not go beyond one year. ~~As from 2021, for new commitments directly following a commitment performed in the initial period, Member States shall determine a period of one year in their rural development programmes.~~

By way of derogation from the first sentence of the second subparagraph of paragraph 5, for new commitments to be undertaken in 2021, Member States may determine a longer period than three years in their rural developments programmes based on the nature of the commitments and the environmental-climate objectives sought.

- (2) in Article 29(3), the following second subparagraph is added:

‘For new commitments to be undertaken from 2021, Member States shall determine a shorter period of one to three years in their rural development programmes. If Member States provide for an annual extension for the maintenance of organic farming after the termination of the initial period in accordance with the first subparagraph, from 2021 the extension shall not go beyond one year. ~~As from 2021, for new commitments concerning maintenance that directly follow the commitment performed in the initial period, Member States shall determine a period of one year in their rural development programmes.~~

By way of derogation from the first sentence of the second subparagraph of paragraph 3, for new commitments to be undertaken in 2021, where support is granted for conversion to organic farming Member States may determine a longer period than three years in their rural developments programmes’;

- (3) in Article 33(2), the following third subparagraph is added:

‘For new commitments to be undertaken as from 2021 Member States shall determine a shorter period of one to three years in their rural development programmes. If Member States provide for an annual renewal of commitments after the termination of the initial period in accordance with the first subparagraph, as from 2021 the renewal shall not go beyond one year.’;

(4) in Article 42, paragraph 1 is replaced by the following:

‘1. In addition to the tasks referred to in Article 34 of Regulation (EU) No 1303/2013 and, where applicable referred to in Article 27 of Regulation (EU) [NEW CPR] of the European Parliament and of the Council* local action groups may also perform additional tasks delegated to them by the Managing Authority and/or paying agency.

* Regulation (EU) [NEW CPR] of the European Parliament and of the Council of [...] [...] (OJ).’;

(5) in Article 44, the introductory sentence is replaced by the following:

‘The support referred to in point (c) of Article 35 (1) of Regulation (EU) No 1303/2013 and, where applicable referred to in Article 28 of Regulation (EU) [NEW CPR], shall be granted to:’;

(6) Article 58 is amended as follows:

(a) in paragraph 1, the following second subparagraph is added:

‘Without prejudice to paragraphs 5, 6 and 7, the total amount of Union support for rural development under this Regulation for the period from 1 January 2021 to 31 December 2021 shall be maximum EUR [11 258 707 816], in current prices, in accordance with the multiannual financial framework for the years 2021 to 2027.’;

(b) paragraph 7 is replaced by the following:

‘7. In order to take account of the developments relating to the annual breakdown referred to in paragraph 4, including the transfers referred to in paragraphs 5 and 6 and the transfers resulting from the application of Article 1 of Regulation (EU) XXXX/XXXX of the European Parliament and of the Council* [This Regulation], to make technical adjustments without changing the overall allocations, or to take account of any other change provided for by a legislative act after the adoption of this Regulation, the Commission shall be empowered to adopt delegated acts, in accordance with Article 83 of this Regulation, to review the ceilings set out in Annex I to this Regulation.

* Regulation (EU) [...] of the European Parliament and of the Council of [...] [...] (OJ).’;

(7) ~~in Article 59(5);~~ **is replaced by** the following ~~second subparagraph is added:~~

‘At least 5% and in the case of Croatia 2,5% of the total EAFRD contribution to the rural development programme shall be reserved for LEADER and Community-led local development referred to in Article 4 of Regulation (EU) XXXX/XXXX of the European Parliament and of the Council* [This Regulation].

When Member States make use of the possibility provided for in the sixth subparagraph of Article 14(1) of Regulation (EU) No 1307/2013, the percentages laid down in the first subparagraph of this paragraph shall apply to the total EAFRD contribution to the rural development programme without the additional support made available in accordance with the sixth subparagraph of Article 14(1) of Regulation (EU) No 1307/2013’;

(8) in Article 75 (1), the following second subparagraph is added:

‘For programmes for which a Member State decides to extend the 2014–2020 period in accordance with Article 1(1) of Regulation (EU) [XXXX/XXXX] [This Regulation], that Member State shall submit to the Commission the annual implementation report pursuant to the first subparagraph of this paragraph until ~~31 December 2025~~ **30 June 2025**.’;

(9) in Article 78, the following second subparagraph is added:

‘For programmes for which a Member State decides to extend the 2014–2020 period in accordance with Article 1(1) of Regulation (EU) [XXXX/XXXX] [This Regulation], that Member State shall submit to the Commission the ex post evaluation report pursuant to the first subparagraph of this paragraph until 31 December 2025.’;

(10) Annex I is amended in accordance with Annex I to this Regulation.

Article 9

Amendments to Regulation (EU) No 1306/2013

Regulation (EU) No 1306/2013 is amended as follows:

(1) in Article 25, the following third subparagraph is added:

‘For 2021, the amount of the reserve shall be EUR **[400]** million (at 2011 prices) and shall be included under Heading 3 of the Multiannual Financial Framework as set out in the Annex to Council Regulation (EU) [xxxx/xxxx]*[MFF].

* Council Regulation (EU) [...] of [...] [laying down the multiannual financial framework for the years 2021 to 2027 (OJ)]’;

- (2) Article 33 is replaced by the following:

‘Article 33

Budget commitments

As regards the Union’s budget commitments for rural development programmes, Article 76 of Regulation (EU) No 1303/2013, where applicable in conjunction with Article 2(2) of Regulation (EU) [XXXX/XXXX] of the European Parliament and of the Council* [This Regulation] shall apply.

* Regulation (EU) [...] of the European Parliament and of the Council of [...] [...] (OJ).’;

- (3) in Article 35, the following paragraph 5 is added:

‘5. For programmes for which Member States decide to extend the 2014–2020 period in accordance with Article 1(1) of Regulation (EU) [XXXX/XXXX] [This Regulation], no pre-financing shall be granted for the 2021 allocation.’;

- (4) in Article 37, paragraph 1 is replaced by the following:

‘1. After receiving the last annual progress report on the implementation of a rural development programme, the Commission shall pay the balance, subject to the availability of resources, on the basis of the financial plan in force, the annual accounts for the last execution year for the relevant rural development programme and of the corresponding clearance decision. Those accounts shall be presented to the Commission no later than six months after the final eligibility date of expenditure as referred to in Article 65(2) of Regulation (EU) No 1303/2013, where applicable in conjunction with Article 2(2) of Regulation (EU) [XXXX/XXXX] [This Regulation]. They shall cover the expenditure effected by the paying agency up to the last eligibility date of expenditure.’;

(5) in Article 38, paragraph 2 is replaced by the following:

‘2. The part of budget commitments that is still open on the last eligibility date for expenditure as referred to in Article 65(2) of Regulation (EU) No 1303/2013, and where applicable in conjunction with Article 2(2) of Regulation (EU) [XXXX/XXXX] [This Regulation], for which no declaration of expenditure has been made within six months of that date shall be automatically decommitted.’.

Article 10

Amendments to Regulation (EU) No 1307/2013

Regulation (EU) No 1307/2013 is amended as follows:

(1) in Article 11(6), the following fourth subparagraph is added:

‘For the year 2021, Member States shall notify the Commission of the decisions taken in accordance with this Article and of any estimated product of reductions by ~~1 August~~ **[dd/mm]**²² 2020.’;

(2) Article 14 is amended as follows:

(a) in paragraph 1, the following seventh subparagraph is added:

‘By ~~1 August~~ **[dd/mm]**²³ 2020, Member States may decide to make available, as additional support financed under the EAFRD in financial year 2022, up to 15 % of their annual national ceilings for the calendar year 2021 set out in Annex II to this Regulation. As a result, the corresponding amount shall no longer be available for granting direct payments. That decision shall be notified to the Commission by ~~1 August~~ **[dd/mm]**²⁴ 2020 and shall set out the percentage chosen.’;

²² **To be adjusted depending on the likely time for adoption of this regulation.**

²³ **To be adjusted depending on the likely time for adoption of this regulation.**

²⁴ **To be adjusted depending on the likely time for adoption of this regulation.**

(b) in paragraph 2, the following seventh subparagraph is added:

‘By ~~1 August~~ **[dd/mm]**²⁵ 2020, Member States which do not take the decision referred to in paragraph 1 for financial year 2022, may decide to make available as direct payments up to 15 %, or in the case of Bulgaria, Estonia, Spain, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Finland and Sweden up to 25 %, of the amount allocated to support financed under the EAFRD in financial year 2022 by Union legislation adopted after the adoption of Council Regulation (EU) [xxxx/xxxx]*[MFF]. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD. That decision shall be notified to the Commission by ~~1 August~~ **[dd/mm]**²⁶ 2020 and shall set out the percentage chosen.

* Council Regulation (EU) [...] of [...] [laying down the multiannual financial framework for the years 2021 to 2027 (OJ).’;

(3) the following Article 15a is added at the end of Chapter 1:

‘Article 15a

Notifications for calendar year 2021

For calendar year 2021 Member States shall notify the percentages of the annual national ceiling referred to in Articles 22(2), **36(4)**, 42(1), 49(1), 51(1) and 53(6) by ~~1 August~~ **[dd/mm]**²⁷ 2020.’;

²⁵ **To be adjusted depending on the likely time for adoption of this regulation.**

²⁶ **To be adjusted depending on the likely time for adoption of this regulation.**

²⁷ **To be adjusted depending on the likely time for adoption of this regulation.**

- (4) in Article 22(5), the following second subparagraph is added:

‘For calendar year 2021, if the ceiling for a Member State set by the Commission pursuant to paragraph 1 is different from that of the previous year as a result of a change in the amount set out in Annex II or as a result of any decision taken by that Member State in accordance with paragraph 3 of this Article, Article 14(1) or (2), Article 42(1), Article 49(1), Article 51(1), or Article 53, that Member State shall linearly reduce or increase the value of all payment entitlements and/or reduce or increase the national reserve or regional reserves in order to ensure compliance with paragraph 4 of this Article.’;

- (5) in Article 23(6), the following fourth subparagraph is added:

‘For calendar year 2021, Member States applying the first subparagraph of paragraph 1 shall notify the Commission by ~~4 August~~ **[dd/mm]**²⁸ 2020 of the decisions referred to in paragraph 2 and 3.’;

- (6) in Article 25, the following paragraph 11 is added:

‘11. After having applied the adjustment referred to in Article 22(5), Member States that have made use of the derogation provided for in paragraph 4 of this Article may decide that payment entitlements held by farmers on 31 December 2019 having a value lower than the national or regional unit value for the year 2020 as calculated in accordance with the second subparagraph of this paragraph have their unit value increased towards the national or regional unit value in the year 2020. The increase shall be calculated under the following conditions:

(a) the calculation method for the increase decided by the Member State is based on objective and non-discriminatory criteria;

²⁸ **To be adjusted depending on the likely adoption of this regulation.**

(b) to finance the increase, all or part of the owned or leased-in payment entitlements held by farmers on 31 December 2019 having a value higher than the national or regional unit value in the year 2020 as calculated in accordance with the second subparagraph shall be reduced. That reduction shall apply to the difference between the value of those entitlements and the national or regional unit value in the year 2020. The application of that reduction shall be based on objective and non-discriminatory criteria, which may include the fixing of a maximum decrease.

The national or regional unit value for the year 2020 referred to in the first subparagraph shall be calculated by dividing the national or regional ceiling for the basic payment scheme set in accordance with Article 22(1) or 23(2) for the year 2020, excluding the amount of the national or regional reserve(s), by the number of the owned or leased-in payment entitlements held by farmers on 31 December 2019.

By way of derogation from the first subparagraph, Member States that have made use of the derogation provided for in paragraph 4 may decide to keep the value of payment entitlements calculated in accordance with that paragraph subject to the adjustment referred to in Article 22(5).

Member States shall inform farmers in due time of the value of their payment entitlements as calculated in accordance with this paragraph.’;

(7) in Article 25, the following paragraph 12 is added:

‘12. For calendar year 2021, Member States may decide to apply further internal convergence by applying paragraph 11 to the respective year.’;

- (8) Article 29 is replaced by the following:

‘Article 29

Notifications concerning the value of payment entitlements and convergence

For calendar year 2020, Member States shall notify their decisions referred to in Article 25(11) by [OPOCE within one month after entry into force of this Transitional Regulation].

For calendar year 2021, Member States shall notify their decisions referred to in Article 25(12) by ~~1 August~~ **[dd/mm]**²⁹ 2020.’;

- (9) in Article 30(8), the following fourth subparagraph is added:

‘For allocations from the reserve in 2021, the amount of the reserve to be excluded in accordance with the second subparagraph shall be adjusted in accordance with the second subparagraph of Article 22(5). For allocations from the reserve in 2021, the third subparagraph of this paragraph shall not apply.’;

- (10) in Article 36(1), the following second subparagraph is inserted:

‘Member States applying in 2020 the single area payment scheme shall continue to do so after 31 December 2020.’;

(10a) in Article 37(1), the following subparagraph is added:

‘Member States granting transitional national aid in the period 2015-2020 may decide to grant transitional national aid in 2021.’

²⁹ **To be adjusted depending on the likely adoption of this regulation.**

(10b) in Article 37(4), the last indent is replaced by the following:

‘- 50% in 2020 and 2021.’.

(11) in Article 41(1), the following third subparagraph is added:

‘Member States may review their decision referred to in the first subparagraph by ~~1 August~~ **[dd/mm]**³⁰ of the year preceding the year of application. They shall notify the Commission of any such decision by that date.’;

(12) in Article 42(1), the following second subparagraph is added:

‘Member States may review their decision referred to in the first subparagraph by ~~1 August~~ **[dd/mm]**³¹ of the year preceding the year of application. They shall notify the Commission of any such decision by that date.’;

(12a) in Article 52, the paragraph 10 is replaced by the following:

‘The Commission is empowered to adopt delegated acts in accordance with Article 70 supplementing this Regulation as regards measures in order to avoid beneficiaries of voluntary coupled support suffering from structural market imbalances in a sector. Those delegated acts may allow Member States to decide that such support may continue to be paid until 2021 on the basis of the production units for which voluntary coupled support was granted in a past reference period.’

³⁰ **To be adjusted depending on the likely time for adoption of this regulation.**

³¹ **To be adjusted depending on the likely time for adoption of this regulation.**

(13) in Article 58, paragraph 3 is replaced by the following:

‘3. The amount of the crop-specific payment **for cotton** per hectare of eligible area shall be calculated for 2020 by multiplying the yields established in paragraph 2 with the following reference amounts:

- Bulgaria: EUR 649,45,
- Greece: EUR 234,18,
- Spain: EUR 362,15,
- Portugal: EUR 228,00.

The amount of the crop-specific payment **for cotton** per hectare of eligible area shall be calculated for 2021 by multiplying the yields established in paragraph 2 with the following reference amounts:

- Bulgaria: EUR [624,11],
- Greece: EUR [225,04],
- Spain: EUR [348,03],
- Portugal: EUR [219,09].’;

(14) Annexes II and III are amended in accordance with Annex II to this Regulation.

Article 11

Amendments to Regulation (EU) No 1308/2013

Regulation (EU) No 1308/2013 is amended as follows:

(0) in Article 29 (1), the following second subparagraph is added:

‘By way of derogation to subparagraph 1, work programmes drawn up for the period running from 1 April 2018 until 31 March 2021, shall be extended and shall end on 31 December 2021. The relevant producer organisations recognised under Article 152 of this Regulation, the relevant associations of producer organisations recognised under Article 156 of this Regulation and the relevant interbranch organisations recognised under Article 157 of this Regulation shall modify their work programmes to take account of this extension. The modified work programmes shall be notified to the Commission by [31 December 2020]³²;

(1) in Article 29, paragraph 2 is replaced by the following:

‘2. The Union financing of the work programmes referred to in paragraph 1 shall be for 2020:

(a) EUR 11 098 000 for Greece;

(b) EUR 576 000 for France;

(c) EUR 35 991 000 for Italy.

The Union financing for the work programmes referred to in paragraph 1 shall be for 2021:

(a) EUR [10 666 000] for Greece;

(b) EUR [554 000] for France;

(c) EUR [34 590 000] for Italy.’;

³² **To be adjusted depending on the likely adoption of this regulation.**

(1a) in Article 33(1), the following third and fourth subparagraphs are added:

‘Operational programmes for which an extension in line with the maximum duration of five years referred to in the first subparagraph is to be approved after the entry into force of Regulation EU [XXXX/XXXX] [Transitional regulation] may only be extended until 31 December 2021.

By way of derogation to the first subparagraph, new operational programmes that are approved after the entry into force of Regulation EU [XXXX/XXXX] [Transitional regulation] shall have a maximum duration of three years.’;

(2) in Article 58, paragraph 2 is replaced by the following:

‘2. The Union financing for the aid to producer organisations provided for in paragraph 1 shall be for 2020 EUR 2 277 000 for Germany.

The Union financing for the aid to producer organisations provided for in paragraph 1 shall be for 2021 EUR [2 188 000] for Germany.’;

(2a) in Article 68(1), the second sentence of the second subparagraph is replaced by the following:

‘Member States may decide to allow producers to submit such a request to convert rights into authorisations until 31 December 2021.’.

(2b) in Article 214a, the following subparagraph is added:

‘In 2021 Finland may continue to grant the national aids referred to in paragraph 1 subject to the same conditions and amounts as authorised by the Commission for year 2020.’;

(3) Annex VI is replaced by the text in Annex III to this Regulation.

Article 12
Amendments to Regulation (EU) No 228/2013

In Article 30 of Regulation (EU) No 228/2013, paragraphs 1, 2 and 3 are replaced by the following:

'1. The measures provided for in this Regulation shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 4(1)(a) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council*, with the exception of the measures provided for in Articles 22 and 24 of this Regulation.

2. In respect of each financial year, the Union shall finance the measures provided for in Chapters III and IV, up to an annual sum of:

-in the French overseas departments: EUR [267 580 000],

-Azores and Madeira: EUR [102 080 000],

-Canary Islands: EUR [257 970 000].

3. The sums allocated for each financial year to finance the measures provided for in Chapter III may not exceed the following amounts:

-in the French overseas departments: EUR [25 900 000],

-Azores and Madeira: EUR [20 400 000],

-Canary Islands: EUR [69 900 000].

The Commission shall adopt implementing acts establishing the requirements in accordance with which Member States may amend the allocation of resources allocated every year to the various products benefiting from the supply arrangements. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 34(2).

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* Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).'

Article 13

Amendments to Regulation (EU) No 229/2013

In Article 18 of Regulation (EU) No 229/2013, paragraphs 2 and 3 are replaced by the following:

'2. The Union shall finance the measures provided for in Chapters III and IV up to an amount of EUR [23 000 000].

3. The amount allocated to finance the specific supply arrangements referred to in Chapter III shall not exceed EUR [6 830 000]'. .

Title III
Final provisions

Article 14

Entry into force and application

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Union*.

However,

- point (6) of Article 10 shall apply from 1 January 2020;
- Articles 12 and 13 shall apply from 1 January 2021.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX I

Annex I to Regulation (EU) No 1305/2013 is amended as follows:

(1) the title is replaced by:

‘PART ONE: BREAKDOWN OF UNION SUPPORT FOR RURAL DEVELOPMENT (2014 TO 2020)’;

(2) below the table the following title and column are added:

‘PART TWO: BREAKDOWN OF UNION SUPPORT FOR RURAL DEVELOPMENT (2021)’

(current prices in EUR)

	2021
Belgium	167 178 0461
Bulgaria	281 711 3961
Czechia	258 773 2031
Denmark	175 812 6231
Germany	989 924 9961
Estonia	87 875 8871
Ireland	264 670 9511
Greece	509 591 6061
Spain	1 001 202 8801
France	1 209 259 1991
Croatia	281 341 5031
Italy	1 270 310 3711
Cyprus	15 987 2841
Latvia	117 307 2691

	2021
Lithuania	195 182 517
Luxembourg	12 290 956
Hungary	416 202 472
Malta	12 207 322
Netherlands	73 151 195
Austria	480 467 031
Poland	1 317 890 530
Portugal	493 214 858
Romania	965 503 339
Slovenia	102 248 788
Slovakia	227 682 721
Finland	292 021 227
Sweden	211 550 876
Total EU	11 230 561 046
Technical Assistance	28 146 770
Total	11 258 707 816

ANNEX II

Annexes II and III to Regulation (EU) No 1307/2013 are amended as follows:

(1) in Annex II, the following column is added:

2021
[485 604]
[773 772]
[838 844]
[846 125]
[4 823 108]
[167 722]
[1 163 938]
[1 856 029]
[4 710 172]
[7 147 787]
[344 340]
[3 560 186]
[46 750]
[299 634]
[510 820]
[32 131]
[1 219 770]

[4 507]
[703 870]
[664 820]
[2 972 978]
[584 650]
[1 856 173]
[129 053]
[383 806]
[506 000]
[672 761]

’;
,

(2) in Annex III, the following column is added:

,

2021
[485,6]
[776,3]
[838,8]
[846,1]
[4 823,1]
[167,7]
[1 163,9]

<i>[2 036,6]</i>
<i>[4 768,7]</i>
<i>[7 147,8]</i>
<i>[344,3]</i>
<i>[3 560,2]</i>
<i>[46,8]</i>
<i>[299,6]</i>
<i>[510,8]</i>
<i>[32,1]</i>
<i>[1 219,8]</i>
<i>[4,5]</i>
<i>[703,9]</i>
<i>[664,8]</i>
<i>[2 973]</i>
<i>[584,8]</i>
<i>[1 856,2]</i>
<i>[129,1]</i>
<i>[383,8]</i>
<i>[506]</i>
<i>[672,8]</i>

ANNEX III**‘ANNEX VI****BUDGETARY LIMITS FOR SUPPORT PROGRAMMES REFERRED TO IN ARTICLE
44(1)**

in 1000 EUR per budget year					
	2014	2015	2016	2017-2020	2021 onwards
Bulgaria	26 762	26 762	26 762	26 762	[25 721]
Czechia	5 155	5 155	5 155	5 155	[4 954]
Germany	38 895	38 895	38 895	38 895	[37 381]
Greece	23 963	23 963	23 963	23 963	[23 030]
Spain	353 081	210 332	210 332	210 332	[202 147]
France	280 545	280 545	280 545	280 545	[269 628]
Croatia	11 885	11 885	11 885	10 832	[10 410]
Italy	336 997	336 997	336 997	336 997	[323 883]
Cyprus	4 646	4 646	4 646	4 646	[4 465]
Lithuania	45	45	45	45	[43]
Luxembourg	588	—	—	—	—
Hungary	29 103	29 103	29 103	29 103	[27 970]
Malta	402	—	—	—	—
Austria	13 688	13 688	13 688	13 688	[13 155]
Portugal	65 208	65 208	65 208	65 208	[62 670]
Romania	47 700	47 700	47 700	47 700	[45 844]
Slovenia	5 045	5 045	5 045	5 045	[4 849]
Slovakia	5 085	5 085	5 085	5 085	[4 887]
United Kingdom	120	—	—	—	—

Statement by the Council on the duration of the transitional period

In its proposal, the Commission puts forward a transitional period of one year, i.e. until the end of 2021. In order to avoid prejudging the results of the on-going negotiations on the Multiannual Financial Framework for 2021-2027, the Council can basically accept a one-year transitional period for the time being. However, the Council considers that a one year-transition will most likely not be sufficient, given the state of play of both the MFF negotiations and the legislative procedure on the CAP reform. In addition, the complexity of the structure of the future CAP will necessarily require sufficient preparation before the new system can be successfully implemented. Therefore, in the light of further developments, the need to extend the transitional period until the end of 2022 is very likely to emerge. This is important in order to maintain the continuity of the CAP especially for a responsible transition to the New Delivery Model, assuring a higher contribution to environmental and climate protection. The Council notes that the European Parliament seems to share the Council's concerns. The Council will follow developments closely and will revert to this issue for a final decision on it at a later stage.
