



Council of the  
European Union

Brussels, 10 June 2020  
(OR. en)

8664/20

LIMITE

AGRI 169  
AGRIFIN 41  
AGRIORG 39  
AGRISTR 39  
CODEC 472

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Interinstitutional File:  
2019/0254(COD)

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#### NOTE

From:	Presidency
To:	Special Committee on Agriculture
No. prev. doc.:	8236/20
No. Cion doc.:	13643/19 + ADD1
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 <i>- Preparation for the second trilogue</i>

#### I. INTRODUCTION

1. On 31 October 2019, the European Commission submitted to the Council and the European Parliament the abovementioned proposal, based on Articles 43(2) and 349 of the Treaty on the Functioning of the European Union (hereinafter "the Transitional Regulation").

2. The overall aim of this proposal is to ensure continuity of the Common Agricultural Policy (CAP) support to farmers and other beneficiaries in 2021, since it is clear from the current state of play of the CAP reform and the Multiannual Financial Framework (2021-2027) (MFF) negotiations that the new CAP Strategic Plans will not be able to apply from 1 January 2021. To that end, the proposal extends the applicability of the existing legal framework to the year 2021. At the same time, the proposal aims to ensure a smooth transition from the current to the next CAP period. As a result, the Transitional Regulation amends the four CAP basic regulations (1305/2013, 1306/2013, 1307/2013 and 1308/2013), as well as Regulations 228/2013 (specific measures for outermost regions) and 229/2013 (specific measures for the smaller Aegean islands).

## **II. BACKGROUND**

3. Under the Finnish Presidency, the Transitional Regulation was presented by the Commission at the Special Committee on Agriculture (SCA) on 5 November 2019 and at the Agriculture and Fisheries Council on 18 November 2019. The Commission presented the legislative financial statement of the proposal on 6 November 2019 at the Working Party on Financial Agricultural Questions (AGRIFIN). Technical examination of the proposal was carried out by the Working Party on Horizontal Agricultural Questions (CAP Reform) on 13 November and 5 December 2019.
4. Under the Croatian Presidency, the Agricultural and Fisheries Council held an exchange of views on the Transitional Regulation on 27 January 2020. The SCA discussed the proposal and gave guidance for further work on 20 January, 24 February and 9 March 2020. The Working Party on Horizontal Agricultural Questions (CAP Reform) further examined the proposal on 24 January, 7 February and 27 February 2020.

5. It emerged from the aforementioned discussions that Member States generally welcomed the proposal, in order to provide legal and financial security for farmers and other beneficiaries during the transitional period. Member States supported the approach that the proposal does not entail new major policy developments compared to the current rules. However, many Member States were not satisfied with one year transitional period (covering only year 2021) suggested in the Commission proposal, arguing that it would not be sufficient.
6. On 6 April 2020, the SCA gave the Presidency a mandate to start negotiations with the European Parliament. The text of the Council mandate maintained a one year transitional period but the compromise package included a Council statement on the duration of the transitional period, stating that a one year transition would most likely not be sufficient, given the state of play of both the MFF negotiations and the legislative procedure on the CAP reform, and that the Council would revert to the issue at a later stage. Given that the content of the Transitional Regulation can be discussed independently from the figures, all figures in the text of the Council mandate are between square brackets and they will be updated once the agreement on the MFF is reached.<sup>1</sup>
7. The European Parliament's Committee on Agriculture and Rural Development (AGRI) adopted the report of rapporteur Elsi Katainen (RE, FI) on 28 April 2020. The EP Plenary approved the report and adopted its first reading negotiating mandate on 15 May 2020.
8. The European Economic and Social Committee adopted its opinion on 7 May 2020 within the framework of the obligatory consultation, whereas the European Committee of the Regions decided not to issue an opinion within the framework of the optional consultation. The European Court of Auditors published its opinion No 1/2020 concerning the proposal for a Regulation on transitional provisions relating to the common agriculture policy in the year 2021<sup>2</sup>. As regards the opinions on the application of the principles of subsidiarity and proportionality, Romania<sup>3</sup> and Italy<sup>4</sup> have submitted such opinions. In addition, the Greek Parliament has submitted its opinion<sup>5</sup>.

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<sup>1</sup> All reference amounts are pending the conclusion of negotiations regarding the Multiannual Financial Framework (2021-2027).

<sup>2</sup> 6828/20.

<sup>3</sup> 6569/20.

<sup>4</sup> 7635/20.

<sup>5</sup> 6596/20.

### III. STATE OF PLAY

9. The first informal trilogue took place on 20 May 2020, where the Council, the European Parliament and the Commission underlined the necessity to reach political agreement as soon as possible in order to ensure legal certainty for farmers and other CAP beneficiaries.
10. On 28 May 2020 the Presidency debriefed the SCA on this trilogue and some delegations also expressed their preliminary views on EP amendments<sup>6</sup>.
11. With a view to the SCA on 15 June 2020, the Presidency has prepared a four-column table (8732/20), reflecting discussions held so far. This document is submitted to the SCA as a working version in order to facilitate discussion in preparation of the second trilogue to be held on 16 June 2020. The Presidency plans to publish an updated version of this four-column table (document 8732/20 REV 1) on 12 June 2020 after having finalised the first round of technical discussions with the European Parliament and the Commission.
12. In order to get a better idea of delegations views, the Presidency is seeking guidance on the following issues in particular:
  - Voluntary or compulsory extension of Rural Development Programmes in case of 2-year extension (row 50, AM 37)<sup>7</sup>
  - Amnesty clause for payment entitlements to be applied from 2020 (row 72, AM 50)
  - Duration of multi-annual commitments (AECM and organic) undertaken during transitional period (rows 101-105a, AM 63, AM 64)
  - Continuation of ANC payments during transitional period (rows 105b-105c, AM 65)
  - Duration of multi-annual commitments under Animal welfare measure undertaken during transitional period (row 107, AM 66)
  - Decreasing the triggering percentage to receive support under risk management measures (row 107a-107d, AM 67, AM 68)<sup>8</sup>

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<sup>6</sup> 8236/20.

<sup>7</sup> The current proposal for a MFF Regulation (Article 8) doesn't envisage the possibility of carry-over of 2022 EAFRD allocations to the following years.

<sup>8</sup> The amendments would anticipate one of the changes proposed as part of the CAP reform (cf. Article 70 of the draft Strategic Plans Regulation).

- Increased funding of technical assistance during transitional period (rows 113a,113b, AM 69)
- Compulsory internal convergence (rows 165-172, AM 84-88)
- Extension of the work programmes to support the olive oil and table olives sector in the case of 2-year transition or the adoption of new programmes should be envisaged (rows 199a,199b, AM 56)
- Marketing rules to improve and stabilise the operation of the common market in the olive oil sector (rows 211j, 211k, AM 106)<sup>9</sup>
- National fiscal measures (rows 126a, 126b, 211l, 211m, AM 71, AM 107)<sup>10</sup>
- Authorisation of wine oenological practices (rows 212a-212d, AM 109, AM 110)
- Interbranch organisations in outermost regions (rows 213a-213d, AM 111)

However, delegations are welcome express their views also on other issues, if they so wish. For example, they can indicate which EP amendments they could support and which not.

#### IV. **CONCLUSION**

13. In the light of the above, the Special Committee on Agriculture is invited to give guidance to the Presidency for the second political trilogue on the above-mentioned issues.
14. Unless the Special Committee on Agriculture objects, document 8732/20 (containing the four-column table), or a revised version of it, will be made public by the General Secretariat of the Council after the SCA meeting on 15 June 2020.

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<sup>9</sup> This is identical to a change to the CMO Regulation under consideration within the Council.

<sup>10</sup> The amendments would anticipate one of the changes that should take place as part of the CAP reform (cf. Article 133 of the Strategic Plans Regulation). The amendments are the same, but one is to the Rural Development Regulation and the other to the CMO Regulation. The EP will withdraw the one to the Rural Development Regulation (AM 71), considering the CMO Regulation the more appropriate vehicle for the provision.