



Council of the European Union
General Secretariat

**Interinstitutional files:
2018/0216(COD)**

Brussels, 02 October 2020

WK 10485/2020 INIT

LIMITE

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From:	General Secretariat of the Council
To:	Delegations
N° Cion doc.:	9645/18 + COR 1 + ADD 1
Subject:	Proposal for a Regulation on CAP Strategic Plans - Article 88 - Comments from the Spanish delegation

Delegations will find attached a suggestion from the Spanish delegation, supported by the Luxembourg delegation, on Article 88 of the abovementioned proposal.



PROPOSAL TO MODIFY ARTICLE 88

- **Financial flexibility measures.** From the beginning of the negotiations, Spain has expressed its concern about maximising the mechanisms for financial transfers between interventions in order to optimise budgetary limits. We consider that the mechanisms envisaged in the proposal of the Croatian Presidency, together with the latest proposals of the German Presidency, are very positive and are in line with the priorities and demands put forward by Spain, facilitating the possibility of transferring budget between interventions, especially in the case of direct payments. However, at a recent Council working party, the Commission stated that in those Member States which will grant basic income support through a system of entitlements, these mechanisms would be very limited since the total amounts included in the allocation of the entitlements could never be exceeded. This observation creates discrimination between Member States using entitlements and the rest which is unacceptable and which **would also be a major obstacle to accept ring fencing in the ecoschemes** as it would not provide sufficient budgetary flexibility in the first years of the implementation of the national strategic plan when the ecoschemes could have problems of spending. **We therefore propose amending Article 88** to make it clear that in a system of entitlements, the total amounts of these entitlements may be increased, in a proportional manner, so that transfers of funds between interventions can be applied as necessary to avoid losing funds. In this respect our proposal would be as follows:

Article 88(3) second subparagraph:

..... -Financial allocations for direct payments interventions are used for other interventions in the form of direct payments. **For this purpose, Member States which have decided to grant**



the basic income support for sustainability based on payment entitlements as laid down in article 19 may increase the value of the entitlements activated in the calendar year where the transfer between interventions will take place and the analysis of needs justifies it. This increase will be applied proportionally to all the entitlements and will be limited to the amount needed to avoid funds being unused in other interventions.