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From:	Presidency
To:	Delegations
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Subject:	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 - Presidency drafting suggestions and explanations for Articles 15(1) (Financial discipline) and 42 (4)&(5) (Payment to beneficiaries)

With a view to the consideration of the CAP Reform proposals in the SCA meeting of 11 March, delegations find attached a number of Presidency drafting suggestions and explanations for Articles 15(1) (Financial discipline) and 42(4)&(5) (Payment to beneficiaries).

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**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**

Presidency drafting suggestions and explanations

Art	Modification	Explanation
Art. 15 (1) Financial discipline	1. An adjustment rate for direct payments interventions referred to in point (c) of Article 5(2) of this Regulation and Union financial contribution to the specific measures referred to in point (ef) of Article 5(2) of this Regulation and granted under Chapter IV of Regulation (EU) No 228/2013 and Chapter IV of Regulation (EU) No 229/2013, ("the adjustment rate") shall be determined by the Commission when the forecasts for the financing of the interventions and measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded. <u>The adjustment rate shall apply to payments to be granted to farmers for the interventions and specific measures referred to in the first subparagraph exceeding EUR 2,000 for the corresponding calendar year.</u> The Commission shall, by 30 June of the calendar year in respect of which the adjustment rate applies, adopt implementing acts fixing the adjustment rate. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).	Following the request of a significant number of Member States, the threshold of EUR 2,000 was proposed for the application of the financial discipline, considering that this is a provision currently in force and in this respect, the systems are already in place at the level of the Member States. Furthermore, as the financial discipline will be used, in the future, as the last resort, the application of the entire mechanism would not create additional administrative burden for MS.
Art. 42(4) Payment to beneficiaries	The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the interventions or measures, <u>including those referred</u>	The modification in paragraph 4 intends to clearly state the empowerment of COM to adopt delegated acts in order to regulate the advance

	to in Chapter III of Title III of Regulation [CAP Strategic Plan Regulation] for which the Member States may pay advances.	payments for sectoral interventions under CAP Strategic Plan, as the current legal framework provides for.
Art. 42(5) Payment to beneficiaries	Upon the request of a Member State, in the event of an emergency, and within the limits of point b) of Article 11 (2) of Regulation (EU, Euratom) 2018/1046, the Commission may shall, where appropriate adopt implementing acts to resolve specific problems in relation to the application of this Article. Those implementing acts may derogate from paragraph 2, but only to the extent that, and for such a period, as is strictly necessary.	In paragraph 5, the text was modified in order to better reflect the conditions for the application of an increased level of advance payments to beneficiaries of direct payments and rural development interventions under Art. 63 (2) of HZR, as well as the obligation of COM to act as long as those conditions are met. The replacement of “may” with “shall” represents a recurrence to the current text of Regulation 1306/2013. Following the SCA meeting on the 4th of March, the Presidency took into account COM concerns regarding the application of this provision and included in the text the Commission suggestion to add the fact that COM shall adopt these implementing acts, <i>where appropriate</i>.