Regulation (EU) 2020/127 of the European Parliament and of the Council of 29 January 2020 amending Regulation (EU) No 1306/2013 as regards financial discipline as from financial year 2021 and Regulation (EU) No 1307/2013 as regards flexibility between pillars in respect of calendar year 2020

REGULATION (EU) 2020/127 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 29 January 2020

amending Regulation (EU) No 1306/2013 as regards financial discipline as from financial year 2021 and Regulation (EU) No 1307/2013 as regards flexibility between pillars in respect of calendar year 2020

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) 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 Committee[(1)],

Acting in accordance with the ordinary legislative procedure[(2)],

Whereas:

(1) Article 16 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council[(3)] provides that the annual ceiling for expenditure under the European Agricultural Guarantee Fund (EAGF) is to be constituted by the maximum amounts set for it under Council Regulation (EU, Euratom) No 1311/2013[(4)]. Pursuant to Article 26 of Regulation (EU) No 1306/2013 an adjustment rate of financial discipline is to be determined, when necessary, in order to ensure that the annual ceilings set out in Regulation (EU, Euratom) No 1311/2013 for the financing of the market-related expenditure and direct payments for the period 2014-2020 are respected. Regulation (EU, Euratom) No 1311/2013 does not provide for ceilings for financial years after 2020. In order to ensure that the ceiling for the financing of the market-related expenditure and direct payments is also respected in financial years after 2020, Articles 16 and 26 of Regulation (EU) No 1306/2013 need to refer, for those financial years, to the amounts set under the EAGF in the Regulation to be adopted by the Council pursuant to Article 312(2) of the Treaty on the Functioning of the European Union (TFEU) for the years 2021 to 2027.

(2) Flexibility between pillars is an optional transfer of funds between direct payments and rural development. Under Article 14 of Regulation (EU) No 1307/2013 of the European Parliament and of the Council[(5)], Member States may make use of that flexibility as regards the calendar years 2014 to 2019. In order to ensure that Member States are able

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to maintain their own strategy, Regulation (EU) 2019/288 of the European Parliament and of the Council[6] extended the flexibility between pillars to calendar year 2020, that is to say financial year 2021. Article 14 of Regulation (EU) No 1307/2013 currently provides for the transfer from rural development to direct payments as a percentage of the amount allocated to support financed under the European Agricultural Fund for Rural Development (EAFRD) in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU. Since the relevant Union legislation will not be adopted by the time the Member States need to notify their decision to transfer, it is appropriate to provide for the possibility to continue to apply that flexibility and to establish the maximum amount that may be transferred.

The maximum absolute amount per Member States is calculated on the basis of the maximum percentages provided for in Article 14(2) of Regulation (EU) No 1307/2013 to be applied to the amounts to be allocated to support for types of interventions for rural development under the Commission 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.

(3) In accordance with Article 53(6) of Regulation (EU) No 1307/2013, Member States had the option to review, by 1 August 2019, the percentage of their national ceiling for direct payments that they allocate to voluntary coupled support (VCS), as well as their detailed support decisions from calendar year 2020. Member States will only notify their decision on transfer from direct payments to rural development, if any, by 31 December 2019, and on transfer from rural development to direct payments, if any, shortly thereafter. However, such decision will affect their national ceiling for direct payments for calendar year 2020. In order to maintain consistency between the detailed support decisions and the VCS budgetary ceiling, it is appropriate to allow Member States to review, to the extent necessary to adjust to their decision relating to flexibility between pillars, the percentage allocated to VCS, as well as the detailed support decisions. Consequently, the relevant notification deadline should also be shortly after 31 December 2019. As that review is limited to the extent necessary for Member States to adjust to their decision relating to flexibility between pillars, Member States should explain in their notification the link between the review and that decision.

(4) Regulations (EU) No 1306/2013 and (EU) No 1307/2013 should therefore be amended accordingly.

(5) In order to enable the amendments provided for in this Regulation to be applied as soon as possible, it was considered to be appropriate to provide for an exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the TFEU and to the Treaty establishing the European Atomic Energy Community.

(6) In order to enable the amendments provided for in this Regulation to be applied as soon as possible, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 1306/2013

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

(1) in Article 16, paragraph 1 is replaced by the following:

1. The annual ceiling for EAGF expenditure shall be constituted by the maximum amounts set for it under Regulation (EU, Euratom) No 1311/2013 and under the Regulation to be adopted by the Council pursuant to Article 312(2) TFEU for the years 2021 to 2027.;

(2) in Article 26, paragraph 1 is replaced by the following:

1. In order to ensure that the annual ceilings referred to in Article 16 for the financing of the market-related expenditure and direct payments are respected, an adjustment rate for direct payments ("the adjustment rate") shall be determined when the forecasts for the financing of the measures financed under that sub-ceiling for a given financial year indicate that the applicable annual ceilings will be exceeded..

Article 2

Amendments to Regulation (EU) No 1307/2013

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

(1) in Article 14(2), the sixth subparagraph is replaced by the following:

By 8 February 2020, Member States may decide to make available for calendar year 2020 as direct payments an amount not higher than the amount set out in Annex VIa. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD for financial year 2021. That decision shall be notified to the Commission by 8 February 2020 and shall set out the amount to be transferred.;

(2) in Article 53, paragraph 6 is replaced by the following:

6. Member States may, by 1 August of any given year, review their decision pursuant to this Chapter.

By 8 February 2020, Member States may also review their decision pursuant to this Chapter to the extent necessary to adjust to the decision on flexibility between pillars for calendar year 2020 taken in accordance with Article 14.

By means of a review pursuant to the first and second subparagraphs of this paragraph, Member States may decide with effect from the following year:

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a to leave unchanged, increase or decrease the percentage fixed pursuant to paragraphs 1, 2 and 3, within the limits laid down therein where applicable, or to leave unchanged or decrease the percentage fixed pursuant to paragraph 4;

b to modify the conditions for granting the support;

c to cease granting the support under this Chapter.

Member States shall notify the Commission of any decision relating to a review pursuant to the first and second subparagraphs of this paragraph by the respective dates referred to in those subparagraphs. The notification of the decision relating to a review pursuant to the second subparagraph of this paragraph shall explain the link between the review and the decision on flexibility between pillars for calendar year 2020 taken in accordance with Article 14.;

(3) Annex VIa, the text of which is set out in the Annex to this Regulation, is inserted.

Article 3

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

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

Done at Brussels, 29 January 2020.

For the European Parliament

The President

D. M. SASSOLI

For the Council

The President

N. BRNJAC