Regulation (EU) 2020/872 of the European Parliament and of the Council of 24 June 2020 amending Regulation (EU) No 1305/2013 as regards a specific measure to provide exceptional temporary support under the European Agricultural Fund for Rural Development (EAFRD) in response to the COVID-19 outbreak

REGULATION (EU) 2020/872 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 24 June 2020

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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 42 and 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) Farmers and rural businesses have been affected by the consequences of the COVID-19 outbreak in an unprecedented manner. The extensive restrictions on movement put in place in the Member States, as well as mandatory closures of shops, outdoor markets, restaurants and other hospitality establishments, have created economic disruption to the agricultural sector and rural communities and have led to liquidity and cash-flow problems for farmers and for small businesses active in processing, marketing or development of agricultural products. This has created an exceptional situation which needs to be addressed.

(2) In order to respond to the impact of the crisis arising from the COVID-19 outbreak (‘the crisis’), a new exceptional and temporary measure should be adopted to address the liquidity problems that put at risk the continuity of farming activities and of small businesses active in processing, marketing or development of agricultural products.

(3) That measure should enable Member States to make use of available funds under their existing rural development programmes in order to support farmers and small and medium-sized enterprises (SMEs) particularly affected by the crisis. The support, which aims to secure agro-business competitiveness and farm viability, should, with a view to best concentrating the available resources on beneficiaries that are suffering most from the crisis, be granted on the basis of objective and non-discriminatory criteria. In the case of farmers, such criteria may include production sectors, types of farming,

farm structures, types of marketing of farm products, and number of seasonal workers employed; in the case of SMEs, such criteria may include types of sectors, types of activity, types of regions, and other specific constraints.

(4) Because of the urgency and exceptional character of that measure, a one-off payment and a time limit for application of the measure should be set, while the principle that payments by the Commission are to be made in accordance with budget appropriations and subject to available funding needs to be recalled.

(5) In order to give higher support where farmers or SMEs are most severely affected, it is appropriate to allow Member States to adjust the level of the lump-sums for certain categories of eligible beneficiaries, based on objective and non-discriminatory criteria.

(6) In order to ensure adequate funding of the new measure without jeopardising other objectives of the rural development programmes, as set out in Regulation (EU) No 1305/2013 of the European Parliament and of the Council[(3)], a maximum share of the Union contribution to that measure should be fixed.

(7) Since the objective of this Regulation, namely to respond to the impact of the crisis by introducing a specific measure to provide exceptional temporary support under the EAFRD, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union (TEU). In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.

(8) Regulation (EU) No 1305/2013 should therefore be amended accordingly.

(9) In view of the urgency of addressing the crisis, 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 TEU, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community.

(10) Given the urgency of the situation related to the crisis, this Regulation should enter into force on the day of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

Article 1

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

(1) the following Article is inserted:

Article 39b

Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis

1 Support under this measure shall provide emergency assistance to farmers and SMEs particularly affected by the COVID-19 crisis, aiming at ensuring continuity of their business activity, subject to the conditions set out in this Article.

2 Support shall be granted to farmers, as well as to SMEs active in processing, marketing or development of agricultural products covered by Annex I to the TFEU or cotton, except fishery products. The output of the production process may be a product not covered by that Annex.

3 Member States shall target the support to beneficiaries who are most affected by the COVID-19 crisis, by determining, on the basis of available evidence, eligibility conditions and, where considered appropriate by the Member State concerned, selection criteria, which shall be objective and non-discriminatory.

4 The support shall take the form of a lump sum payment to be paid by 30 June 2021, based on applications for support approved by the competent authority by 31 December 2020. The subsequent reimbursement by the Commission shall be made in accordance with budget appropriations and subject to available funding. The level of payment may be differentiated by categories of beneficiaries, in accordance with objective and non-discriminatory criteria.

5 The maximum amount of support shall not exceed EUR 7 000 per farmer and EUR 50 000 per SME.

6 When granting support under this Article, Member States shall take into account the support granted under other national or Union support instruments or private schemes to respond to the impact of the COVID-19 crisis.;

(2) in Article 49, paragraph 2 is replaced by the following:

2. The Member State authority responsible for the selection of operations shall ensure that operations, with the exception of operations under point (b) of Article 18(1), point (d) of Article 24(1) and Articles 28 to 31, 33, 34 and 36 to 39b, are selected in accordance with the selection criteria referred to in paragraph 1 of this Article and according to a transparent and well-documented procedure.;

(3) in Article 59, the following paragraph is inserted:

6a. The EAFRD support provided under Article 39b shall not exceed 2 % of the total EAFRD contribution to the rural development programme..

Article 2

This Regulation shall enter into force on the day 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.