Council Regulation (EC) No 319/2006 of 20 February 2006 amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers

COUNCIL REGULATION (EC) No 319/2006

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the third subparagraph of Article 37(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament[(1)],

Having regard to the Opinion of the European Economic and Social Committee[(2)],

Whereas:

(1) Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector[(3)] provides for an important reform of the sugar common market organisation. The measures introduced by that Regulation include a significant reduction in the institutional support price for Community sugar in steps.

(2) As a consequence of reduced market support in the sugar sector, income support for farmers should be increased. The overall level of the payment should develop in parallel with the gradual reduction of market supports.

(3) The de-coupling of direct producer support and the introduction of the single payment scheme are essential elements in the process of reforming the common agricultural policy aimed at moving away from a policy of price and production support to a policy of farmer income support. Regulation (EC) No 1782/2003[(4)] introduced those elements for a variety of agricultural products.

(4) In order to meet the objectives underlying the reform of the common agricultural policy, the support for sugar beet, cane and chicory used for the production of sugar or inulin syrup should be de-coupled and integrated into the single payment scheme.

(5) Consequently, the rules on direct support schemes laid down in Regulation (EC) No 1782/2003 should be adapted.

(6) To buffer the effects of the restructuring process in Member States which have granted the restructuring aid provided for in Council Regulation (EC) No 320/2006 of 20 February 2006 establishing a temporary scheme for the restructuring of the sugar

Changes to legislation: *There are currently no known outstanding effects for the Council Regulation (EC) No 319/2006. (See end of Document for details)*

industry in the Community[5] for at least 50 % of the quota fixed in Regulation (EC) No 318/2006, sugar beet and cane producers should be granted an aid for a maximum of five consecutive years.

(7) The level of individual income support should be calculated on the basis of the support the farmer has benefited from in the context of the common organisation of the market in the sugar sector for one or more marketing years to be determined by Member States.

(8) To ensure the proper application of the support scheme and for reasons of budget control, provision should be made for keeping the overall income support within the limit of national envelopes calculated on the basis of a historical reference year and taking into account, during the four first years, of additional amounts resulting from derived prices.

(9) Sugar beet and chicory growers in the new Member States have benefited since accession from price support in the framework of Regulation (EC) No 1260/2001 of 19 June 2001 on the common organisation of the markets in the sugar sector[6]. Therefore, the sugar payment and the sugar and chicory components in the single payment scheme should not be subject to the application of the schedule of increments provided for in Article 143a of Regulation (EC) No 1782/2003. For the same reasons, Member States applying the single area payment scheme should, moreover, have the possibility to grant the support resulting from the sugar reform in the form of a separate direct payment outside that scheme.

(10) To ensure the proper application of the single payment scheme in the new Member States, provisions should be made regarding specific problems arising as a result of the transition from the single area payment scheme to the single payment scheme.

(11) Member States that have opted or will opt for applying the single payment scheme only as from 1 January 2007 should be enabled to grant income support to growers of sugar beet, cane and chicory used for the production of sugar and inulin syrup in 2006 in the form of a payment based on the number of hectares of sugar beet, cane or chicory delivered. With regard to the calculation of the sugar beet and chicory component in the single payment scheme, Member States should have the possibility to determine the marketing years to be taken into account on a representative basis.

(12) In order to solve, as the case may be, problems arising from the change-over from the current regime to the single payment scheme, it is appropriate to confer the power on the Commission to adopt the relevant transitional rules by amending Article 155 of Regulation (EC) No 1782/2003.

(13) In order to earmark certain newly introduced payments as direct payments, Annex I to Regulation (EC) No 1782/2003 should be adapted.

(14) In order to take account of the amount of income support provided for with regard to the sugar payment, the national ceilings provided for in Annexes II, VIII and VIIIa to Regulation (EC) No 1782/2003 should be adapted.

(15) Difficulties have been identified when implementing the aid for energy crops. Article 90 of Regulation (EC) No 1782/2003 should therefore be adapted.

***Changes to legislation:** There are currently no known outstanding effects for the Council Regulation (EC) No 319/2006. (See end of Document for details)*

(16) Regulation (EC) No 1782/2003 should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1782/2003 is amended as follows:

1) in Article 33(1), point (a) shall be replaced by the following:

(a) they have been granted a payment in the reference period referred to in Article 38 under at least one of the support schemes referred to in Annex VI or, in the case of olive oil, in the marketing years referred to in the second subparagraph of Article 37(1), or, in the case of sugar beet, cane and chicory, if they have benefited from market support in the representative period referred to in point K of Annex VII.;

2) the following subparagraph shall be added to Article 37(1):

For sugar beet, cane and chicory used for the production of sugar or inulin syrup the reference amount shall be calculated and adjusted in accordance with point K of Annex VII.;

3) Article 40(2) shall be replaced by the following:

2. If the whole reference period was affected by the case of force majeure or exceptional circumstances, the Member State shall calculate the reference amount on the basis of the 1997 to 1999 period or, in case of sugar beet, cane and chicory on the basis of the closest marketing year prior to the representative period chosen in accordance with point K of Annex VII. In this case, paragraph 1 shall apply mutatis mutandis.;

4) Article 41 shall be amended as follows:

(a) the following subparagraph shall be added to paragraph 1:

In the case of chicory and taking into account the latest data made available to it by the Member States until 31 March 2006, the Commission may, in accordance with the procedure referred to in Article 144(2), reallocate the national amounts set out in point K(2) of Annex VII and adapt the national ceilings set out in Annex VIII accordingly without changing the global amounts or the ceilings respectively.;

(b) the following paragraph shall be inserted after paragraph 1:

(1a) Where some of the quantities of the quota sugar or the quota inulin syrup were produced in a Member State on the basis of sugar beet, cane or chicory grown in another Member State during any of the marketing years 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005 or 2005/2006, the ceilings set out in point K of Annex VII and the national ceilings set out in Annexes VIII and VIIIa of the Member States concerned shall be adapted by transferring the amounts corresponding to the relevant quantities from the national ceilings of the Member State where the relevant sugar or inulin syrup was produced to those of the Member State where the relevant quantities of sugar beet, cane or chicory were grown.

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The Member States concerned shall inform the Commission by 31 March 2006 of the quantities concerned.

The transfer shall be decided by the Commission in accordance with the procedure referred to in Article 144(2).;

5) in Article 43(2), point (a) shall be replaced by the following:

(a) in case of potato starch, dried fodder, seed, olive groves, and tobacco aids listed in Annex VII, the number of hectares whose production has been granted the aid in the reference period, as calculated in points B, D, F, H, I of Annex VII and, in case of sugar beet, cane and chicory, the number of hectares as calculated in accordance with point 4 of point K of that Annex;;

6) the following subparagraph shall be added to Article 63(3):

However, with regard to the inclusion of the sugar beet, cane and chicory payments component in the single payment scheme, Members States may decide by 30 April 2006, to apply the derogation provided for in the first subparagraph.;

7) the following paragraph shall be added to Article 71a:

3. Any new Member State having applied the single area payment scheme may provide that, in addition to the eligibility conditions established in Article 44(2), "eligible hectare" shall mean any agricultural area of the holding which has been maintained in good agricultural condition at 30 June 2003, whether in production or not at that date.

Any new Member State having applied the single area payment scheme may also provide that the minimum size of eligible area per holding for which payment entitlements shall be established and for which payments shall be granted shall be the minimum size of eligible area of the holding fixed in accordance with the second subparagraph of Article 143b(5).;

8) Article 71c shall be replaced by the following:

Article 71c

Ceiling

The national ceilings of the new Member States shall be those listed in Annex VIIIa. Except for the dried fodder, sugar and chicory components thereof, the ceilings shall be calculated taking account of the schedule of increments provided for in Article 143a, and therefore do not need to be reduced.

Article 41(1a) shall apply mutatis mutandis.;

9) Article 71d(1) shall be replaced by the following:

1. Each new Member State shall proceed to a linear percentage reduction of its national ceiling in order to constitute a national reserve. This reduction shall not be greater than 3 %, without prejudice to the application of Article 71b(3). However, it may exceed 3 % provided that a greater reduction is necessary for the application of paragraph 3 of this Article.;

10) in Article 71d(6) the first subparagraph shall be replaced by the following:

6. Except in case of transfer by actual or anticipated inheritance and of application of paragraph 3, and by way of derogation from Article 46, the entitlements established using the national reserve shall not be transferred for a period of five years starting from their allocation.;

11) the following paragraph shall be added to Article 71d:

7. New Member States may use the national reserve for the purpose of establishing, according to objective criteria and in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions, reference amounts for farmers in areas subject to restructuring and/or development programmes relating to one or the other form of public intervention in order to avoid abandoning of land and/or in order to compensate specific disadvantages for farmers in those areas.;

12) the following subparagraph shall be added to Article 71e(2):

However, new Member States having applied the single area payment scheme may be considered as one single region.;

13) the following Article shall be added in Chapter VI of Title III:

Article 71m

Farmers with no eligible hectares

By way of derogation from Articles 36 and 44(2), a farmer who was granted payments referred to in Article 47 or who was acting in a sector referred to in Article 47 and receives payment entitlements in accordance with Article 71d for which he does not have eligible hectares within the meaning of Article 44(2) in the first year of implementation of the single payment scheme, shall be authorised by the Member State to derogate from the obligation to provide a number of eligible hectares equivalent to the number of entitlements on the condition that he maintains at least 50 % of the agricultural activity exercised before the transition to the single payment scheme expressed in livestock units (LU).

In the case of a transfer of payment entitlements, the transferee may benefit from this derogation only if all the payment entitlements subject to the derogation are transferred.;

14) the first subparagraph of Article 90 shall be replaced by the following:

The aid shall be granted only in respect of areas whose production is covered by a contract between the farmer and the processing industry or by a contract between the farmer and the collector, except in case of processing undertaken by the farmer himself/herself on the holding.;

15) the following Chapters shall be inserted in Title IV: