

**SENATE OF THE REPUBLIC**  
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**RESOLUTION OF THE 9<sup>th</sup> STANDING COMMITTEE**  
**(Agriculture and Agri-Food Production)**

*(Rapporteur CANTINI)*

*approved at the session of 4 May 2016*

ON THE

**PROPOSAL FOR A REGULATION OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL FIXING THE ADJUSTMENT  
RATE PROVIDED FOR IN REGULATION (EU) No 1306/2013 FOR  
DIRECT PAYMENTS IN RESPECT OF THE CALENDAR YEAR 2016  
(COM (2016) 159 FINAL)**

*within the meaning of Article 144(1) and (6) of the Rules of Procedure*

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**Sent to the President's Office on 6 May 2016**

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The Committee, having examined, pursuant to Article 144(1) and (6) of the Rules of Procedure, the proposal for a regulation of the European Parliament and the Council fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct payments in respect of the calendar year 2016,

considering that:

the proposal establishes a reserve intended to provide additional support in the agricultural sector in the event of major crises, by applying a reduction to direct payments through the financial discipline mechanism;

the amount of the crisis reserve in the agricultural sector to be included in the Commission's draft budget for 2017 amounts to EUR 450.5 million at current prices. To cover this amount, the financial discipline mechanism has to apply to direct payments under the support schemes provided for by the common agricultural policy;

in this draft legislation, the Commission proposes reducing the adjustment rate for direct payments claimed by farmers for the calendar year 2016, which will be paid out in 2017, to 1.366744 %. This reduction will in any case apply only to payments of over EUR 2 000;

this proposal for a regulation solely concerns the legal instrument establishing, in financial terms, the reserve for crises,

noting that:

in order to guarantee equal treatment for all farmers, the regulation provides for the application of the adjustment rate only to payments for which aid applications were submitted in the year when the financial discipline is applied, regardless of when the payments are granted;

the reduction does not apply to Croatia, a country in which direct payments are in the process of being gradually introduced, where the adjustment rate will fully enter into force only from 2022;

should the European Parliament and the Council not have adopted the proposal in question by 30 June 2016, the Commission shall proceed directly to fix the adjustment rate,

issues a favourable opinion with the following observation:

in the light of the crises affecting the agricultural sector in various areas of Italy, on account of natural and environmental factors, attention is drawn to the need, in the context of possible negotiations, conducted at EU level, identifying the sectors in which the financial resources of the crisis reserve may be used, for the funds to be used to support the Italian sectors that are most affected by harmful natural phenomena and, most notably, the olive, citrus, fruit and vegetable and dairy sectors.

**OBSERVATIONS AND PROPOSALS OF THE 14<sup>th</sup> STANDING COMMITTEE**  
(EUROPEAN UNION POLICIES)

(Rapporteur: Liuzzi)

3 May 2016

The Committee, having examined the proposal in question, considering that:

the proposal enacts, for the calendar year 2016, the provisions of Articles 25 and 26 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013, so as to establish a reserve intended to provide additional support for the agricultural sector in the case of major crises, by applying a reduction to direct payments with the financial discipline mechanism;

more specifically, Regulation (EU) No 1306/2013 on the financing, management and monitoring of the common agricultural policy, provides, in Article 25, for the establishment of an annual reserve intended to provide additional support for the agricultural sector in the case of major crises affecting agricultural production or distribution. This reserve shall be established by applying, at the beginning of each year, a reduction to direct payments with the financial discipline mechanism;

the above-mentioned mechanism is governed by Article 26 of Regulation (EU) No 1306/2013, pursuant to which, in order to ensure that the annual ceilings for the financing of the market related expenditure and direct payments in the context of the 2014-2020 Multiannual Financial Framework are respected, an adjustment rate for direct payments must be determined when the forecasts for the financing of such measures indicate that the applicable annual ceilings will be exceeded;

the amount of the crisis reserve in the agricultural sector to be included in the Commission's draft budget for 2017 amounts to EUR 450.5 million at current prices. To cover this amount, the financial discipline mechanism has to apply to direct payments under the support schemes listed in Annex 1 to Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers. Such support schemes (basic payment scheme, single area payment scheme, redistributive payment, payment for agricultural practices beneficial for the climate and the environment, payment for areas with natural constraints, payment for young farmers, voluntary coupled support, crop specific payment for cotton, small farmers scheme, and POSEI - Aegean islands) will therefore be subject to a reduction of 1.366744 %; however, this reduction will apply only to payments of over EUR 2 000;

this reduction is limited to what is needed to establish the reserve for crises in the agricultural sector;

deeming that there is no real scope for negotiations between the Commission and the Member States, as the means and criteria for calculating the rate of the reduction have already been laid down by European legislation,

hereby issues a favourable opinion within its area of competence, with

the following comments:

the legal basis used appears correct, consisting of Article 43(2) of the Treaty on the functioning of the European Union (TFEU), which allows the European Parliament and the Council to establish the common organisation of the agricultural markets under Article 40(1) of the TFEU and the other provisions necessary for pursuing the objectives of the Common Agricultural Policy and the Common Fisheries Policy;

the proposal respects the principle of subsidiarity, in that it is limited to specifically applying a mechanism set by a regulation that is already in force in an area of shared competence;

the proposal respects the principle of proportionality, in that it is limited to what is required to achieve the objectives set.

