



EUROPEAN COMMISSION

Brussels, 22.3.2013
C(2013) 1688 final

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the legislative package proposed by the European Commission for the reform of the Common Agricultural Policy (CAP) for the 2014-2020 period {COM(2011) 625_626_627_628_629_630_631 final}. In reply to the different comments raised in this Opinion, the Commission would like to make the following remarks:

The Commission shares your view that the agricultural sector has a strategic role and that a strong, common European agricultural and rural development policy is fundamental for the future of the EU. Certainly, the CAP does not only concern the farmers and the rural community but the whole society.

The Commission also shares your view on the importance of small farmers, which play an important role in rural areas as they create employment, contribute to dynamic rural communities and deliver public goods. A specific scheme replacing all direct payments to small farmers by a lump-sum payment would simplify formalities (i.e. easing obligations related to the application for support, to "greening", to cross compliance and to controls). This would reduce costs for farmers as well as for the administration.

The set of measures under the new rural development policy would, certainly, offer plenty of instruments to the Member States for supporting small farms. Moreover, in addition to the standard programme-based structure, Member States would also be given the opportunity to offer special support to certain groups, areas or objectives, if they wish. In this sense, the new draft EAFRD regulation would give the possibility to create a thematic sub-programme for small farms.

As regards direct payments:

As a general rule the delegated acts concern non-essential elements of general application aiming at supplementing the basic act; this is, in the view of the Commission, clearly the case of the provisions you mention as regards {COM (2011) 625 final}.

The Commission would like to underline that the reduction of disparities in support levels between farmers and Member States is one of the major challenges of this reform. In this context the current redistribution of direct payments between Member States based on purely historic criteria should be reviewed in order to improve the equity of this distribution. The proposed convergence represents a substantial reform of the way in

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which direct payments are currently distributed, in particular as it strongly reduces the link to historical references.

However, the Commission would like to clarify that direct payments should not be regarded in isolation from other types of public support or transfers under the CAP. When both Pillar I and Pillar II support are considered, it becomes clear that differences between Member States in support levels are much less pronounced than when the focus is only on Pillar I.

Introducing an upper ceiling for direct payments received by large individual farms ("capping") aims at improving the distribution of payments between farmers. Disproportionate effects on large farms with high employment numbers would be mitigated by taking into account salaried labour intensity. The reason for not applying capping to the greening component is that reducing the element of the payment related to the provision of environmental public goods could have an adverse effect on the objectives of the CAP. All the other direct payments' components, including the payment for areas with natural constraints, are targeted to improving the income situation of the farmers and consequently are subject to capping.

It is also proposed that progressive reductions and capping apply on direct payments to all farmers in the EU-27, soon to become the EU-28, who reach the defined thresholds, independently from the fact that these amounts are fully phased-in or not; on the other hand, their application to complementary national direct payments (CNDPs) is not foreseen.

As regards the single Common Market Organisation (sCMO):

The proposal on the future sCMO aims to strengthen the safety net for farmers within the context of continued market orientation of previous reforms. The proposals aim to improve the ability of the Commission to respond swiftly and effectively to future crisis situations, both in terms of the measures that can be taken and the available funding. In particular, the proposal aims to modernise the provisions on exceptional measures by providing a simplified and common platform to tackle future potential crisis situations.

The Commission agrees on the need to reinforce the safety net. Our proposals reflect the approach that the safety net should be more responsive in the event of a crisis. For example, it is proposed that the exceptional measures provisions should be updated and modernised, in particular to remove the sectoral differences that currently exist and, in the light of the 2011 E. coli crisis, to extend the provision on loss of consumer confidence to all main agricultural sectors.

The sCMO proposal aims to further increase market orientation through the dismantling of existing production quota limitations and the removal of schemes that are no longer relevant. Quotas create rigidities and are contrary to the objectives of increased competitiveness and market orientation. They are neither justified in the context of growing world demand and slowing productivity growth.

For this reason, the Commission has not proposed to renew sugar quotas after 30 September 2015. However, in order to allow the sector to adjust, the Commission has proposed that post-quota contracts should be mandatory between sugar growers and sugar producers, the conditions of which will be further determined by means of delegated acts. Furthermore, even after the ending of the quota, the Commission has

proposed that white sugar should remain within the system of private storage aid in order to provide a safety net for the sector.

The Commission has noted your comments on the Marketing years. However, we would point out that the marketing years for the fruit and vegetables and the processed fruit and vegetables sectors are currently laid down in secondary legislation (Article 2 of Commission Implementing Regulation (EU) No 543/2011). With the introduction of the Lisbon Treaty, it is now necessary to determine whether the provision falls within Article 290 or 291 of the Treaty on the Functioning of the EU (TFEU). It is the opinion of the Commission that the determination of the marketing year supplements the basic act and as such falls within the scope of Article 290 TFEU.

As mentioned before, the Commission has proposed that the conditions for fixing private storage aid should be made more flexible and responsive to temporary, conjunctural difficult situations affecting the sectors covered by the system.

The Commission has noted your comments concerning the need to use implementing acts rather than delegated acts (as foreseen in the Commission's proposal). However, as indicated before, the Commission would respectfully point out that following the introduction of the Lisbon Treaty, it is now necessary to determine the nature of the power in question and assess whether it falls within Article 290 or 291 TFEU. Having said this, the Commission has made clear its determination to fully consult the experts of the Member States in the drawing-up of delegated acts. We believe that this is an essential step in the process and the Commission's commitment to this process is clearly set out in recital 2 of the proposal.

As regards Rural Development policy:

It will be important for the future rural development policy to contribute more effectively to the Europe 2020 Strategy for smart, sustainable and inclusive growth, under a common strategic framework with other EU shared management funds.

We take note of your concern regarding the use of numerous delegated acts in the proposed Regulation on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). On this issue we would like to point out the following:

The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the EU (TFEU) should be delegated to the Commission as regards the conditions in which an individual may be considered a 'young farmer'. This is very important, in order to ensure the efficient and effective use of EAFRD budgetary resources and to guarantee the protection of the rights of beneficiaries and avoid discrimination among them.

Also, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission as regards afforestation in respect of the definition of certain minimum environmental requirements.

Furthermore, the power to adopt acts in accordance with Article 290 TFEU should also be delegated to the Commission as regards the conditions applicable to limits on the use of fertilisers, plant protection products and other inputs, on the rearing of local breeds in danger of being lost to farming and on the other specific environmental requirements you are referring to in your comments. This power to adopt delegated acts is necessary in

order to ensure that all agro-environmental commitments to be approved in the new Rural Development Programmes are defined in line with the Union's overall environmental objectives.

In accordance with Article 290 all these rules of general application are non-critical elements that supplement the basic act.

With regard to ex-ante conditionalities, the Commission takes note of the Chamber's comments but remains committed to the fundamental principle of ex-ante conditionalities, as these help to ensure that funding from the EU budget delivers solid results.

With regard to payments related to the implementation of the Natura 2000 Directives, the Commission believes that support will be most effective when focused on private forest owners and their associations - though once again it takes note of the arguments presented against this approach.

Finally, the Commission appreciates your support for the Proposal for a Regulation of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy as well as for the Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1234/2007 as regards the regime of the single payment scheme and support to vine-growers.

The Commission hopes that these clarifications address the issues and concerns raised by the Camera Deputaţilor and looks forward to continuing our dialogue in the future.

Yours faithfully,

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Vice-President*