EUROPEAN COMMISSION

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C(2020) 2764 final

Mr Titus CORLĂŢEAN
interim President of the Senat
Calea 13 Septembrie nr. 1-3,
sector 5
RO – 050711 BUCHAREST

Dear President,

The Commission would like to thank the Senat for its Opinion on the proposal for a Regulation of the European Parliament and of the Council laying down certain transitional provisions for the support by the European Agricultural Fund for Rural Development (EAFRD) and by the European Agricultural Guarantee Fund (EAGF) in the year 2021 and amending Regulations (EU) No 228/2013, (EU) No 229/2013 and (EU) No 1308/2013 as regards resources and their distribution in respect of the year 2021 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards their resources and application in the year 2021 {COM (2019) 581 final} (hereinafter also as 'Transitional Regulation').

This proposal forms part of a broader legislative package for the agricultural policy beyond 2020, which includes Regulation (EU) No 2020/127[1] *and the proposals for the reform of the Common Agricultural Policy (CAP). The Transitional Regulation and Regulation (EU) No 2020/127 were proposed to ensure continuity of support for the agricultural sector before the new CAP and its Strategic Plans are in place.*

Due to the temporary character of the transitional rules and the need for their timely adoption, the Transitional Regulation was based on the principle of continuity with the current CAP rules. Any substantive changes were thus left for the CAP reform.

[1] Regulation (EU) No 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; OJ L 27, 31.1.2020.

In this regard, the Commission notes the concern of the Senat about the delays in the discussions on the CAP reform and the Multiannual Financial Framework. The Commission acknowledges the preference of the Senat to make the transitional period longer than one year in order to develop and approve the new CAP Strategic Plans, national legislation, internal procedures and guides and to adapt the IT systems for managing new interventions.

The Commission shares the concerns of the Senat and considers it also essential that progress is made in the discussions on the CAP reform and the Multiannual Financial Framework as soon as possible. The Commission does its utmost to assist the co-legislators in this regard.

Furthermore, as pointed out by the Senat, the Commission's proposal for the Transitional Regulation did not include the possibility for transitional national aid. This follows from the transitional character of the aid that should be, based on the agreement reached during the previous CAP reform in 2013, phased out in 2020. Since the transitional national aid should be discontinued according to the current rules and is not included in the CAP post-2020 reform proposal, the Commission did not consider it justified to include the aid in the proposal for the Transitional Regulation. The Commission, however, acknowledges the strong interest of the Member States benefitting from that aid to continue the system.

The Commission welcomes the Opinion of the Senat on the proposal for the Transitional Regulation with respect to the above-mentioned issues, as well as to the concerns of a technical nature.

For the considerations of the latter, the Commission would like to refer the Senat to the Annex to this letter.

The Commission wishes to reiterate its appreciation for the Opinion of the Senat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

Maroš Šefčovič
Vice-President

Janusz Wojciechowski
Member of the Commission

Annex

The Commission hereby refers to the questions and observations of the Senat and would like to provide the following answers and considerations:

a) *It is primarily the Member States who should consider the need for extending their rural development programmes, while taking into account their planning and commitments already made. Following the notification from a Member State, the Commission will inform the Member State in case it considers that the extension is not justified and when it sees it appropriate for the Member State to reconsider its decision.*

b) *For Member States that decide not to extend their current programmes, it is the 2021 allocation that is foreseen to be transferred in four equal parts to the years 2022 to 2025. This rule is laid down in Article 8 of the Multiannual Financial Framework proposal (MFF)*[2] *and applies indiscriminately across all the Union's programmes under shared management. This MFF reprogramming only provides for a full transfer of the 2021 allocation and not a part thereof.*

c) and d)

The rural development programmes follow the automatic de-commitment as laid down in Article 38 of Regulation (EU) No 1306/2013.[3] *Under this Article, any unused budget commitment for a rural development programme shall be de-committed by 31 December of the third year following that of the budget commitment ("N+3 rule").*

In line with the N+3 rule, Member States have the possibility to undertake new legal commitments until 31 December 2023 and to use funds until the end of 2023. If rural development programmes are extended by one year, the implementation period will run until the end of 2024. As inquired by the Senat, the budget commitments for 2021 will run in parallel to those committed under the previous programming period until the end of their N+3 period.

As of 2022 after the CAP Strategic Plans are approved in 2021, Member States will also be able to start using their allocations in line with their CAP Strategic Plans.

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[2] COM(2018) 322 final.

[3] Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008, *OJ L 347, 20.12.2013.*

e) and f)

The legal commitments from the previous programming period follow the N+3 rule with regard to their financing. Following the N+3 period, the expenditure relating to these commitments may be carried over to the CAP Strategic Plans according to the rules set out in Article 6 of the proposal for the Transitional Regulation. This possibility is not dependent on the extension of the rural development programmes as provided for in paragraph 1 of Article 1 of the proposal for the Transitional Regulation.

The payments under the measures listed in paragraph 2 of Article 6 of the proposal for the Transitional Regulation can be integrated in the future CAP Strategic Plans, provided they meet the conditions defined in that article. In particular, the expenditure has to be provided in the CAP Strategic Plan in accordance with the Regulation establishing rules on support for strategic plans to be drawn up by Member States[4] *under the Common agricultural policy, and the expenditure has to comply with the rules of the new Horizontal Regulation.*[5]

With regard to the remainder of the technical aspects raised by the Senat, the Commission refers to the Articles (6) to (8) of the Opinion to provide the following considerations.

Member States applying the single area payment scheme (SAPS) may continue with the SAPS overbooking during the transitional period, since the paragraph 4 of Article 36 of the Regulation (EU) No 1307/2013[6] *does not feature an end date.*

The Commission is obliged to the Senat for proposing the amendment to the wording of Article 52 paragraph 10 of the Regulation (EU) No 1307/2013. The corresponding amendment to the text of the above-mentioned Article is being considered in the ongoing legislative process.

The Commission also welcomes the opinion of the Senat regarding the simplification of the ISAMM notifications. The Commission will take it into account while examining how to conceive the notification form.

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[4] COM(2018) 392 final.

[5] COM(2018) 393 final.

[6] Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, *OJ L 347, 20.12.2013.*