



COMMISSION OF THE EUROPEAN COMMUNITIES

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2003/0312 (CNS)

Proposal for a

COUNCIL REGULATION

**amending Regulation (EC) No 1257/1999 on support for rural development
from the European Agricultural Guidance and Guarantee Fund (EAGGF)**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Act of Accession provided to the new Member States the measure "Support for compliance with Community standards", financed under EAGGF Guarantee section, to adapt to standards established by the Community in the field of the environment; public, animal and plant health; animal welfare and occupational safety until such time as the required standard is due to be met.

This was intended to support farmers' efforts to reach EU standards during the transition period granted by giving them additional transfers to offset the costs of compliance.

The CAP reform introduced a general "Meeting standards" measure intended to help farmers adapt to the operating costs resulting from newly introduced EU standards.

The Commission proposal on the Act of Accession adaptation to CAP reform transmitted on 29 October 2003 to the Council and European Parliament deletes the measure "Compliance with Community standards" in order to avoid any overlap and to maintain the possibilities available to the new Member States under the new "Meeting standards" measure.

However, the new Member states have allocated substantial amounts of their EAGGF-Guarantee rural development allocations to cover on-farm investment to adapt to Community standards in the field of environment, rather than providing for this expenditure out of their EAGGF Guidance allocations. Given the advanced state of the discussion concerning the use of Structural Funds resources it seems at this stage very difficult to increase them to support compliance with standards. However, speeding up compliance with Community standards, particularly in the field of environment, is a priority for the EU.

Therefore, a further derogation should be introduced to Council Regulation (EC) 1257/1999 to allow new Member States to take investment costs into account under certain conditions when determining the level of the annual support under the "Meeting standards" measure.

This temporary derogation would be limited to the 2004-2006 programming period.

The proposed measure does not involve additional spending from the Community budget. It allows the implantation of the dispositions concerning the "Meeting standards" in the new Member States. It will be financed within the envelopes 2004–2006 approved for the new Member States.

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amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36 and 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Whereas:

- (1) Chapter Va of Council Regulation (EC) No 1257/1999¹ provides for a support measure to assist farmers meeting recently introduced binding standards.
- (2) As a result of accession, farmers in the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia must deal with a large number of new standards based on Community legislation which they have to respect from the date of accession or at the later date. It is essential to provide support to cover at least a part of the cost of investments required to meet those standards. Therefore, special derogations should be laid down for implementing the "meeting standards" measure in the new Member States.
- (3) Regulation (EC) No 1257/1999 should therefore be amended,

¹ OJ L 160, 26.6.1999, p. 80. Regulation as last amended by Decision of ... adapting the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia (OJ L.....).

HAS ADOPTED THIS REGULATION:

Article 1

The following paragraph 2b is hereby inserted in Article 331 of Regulation (EC) No 1257/1999:

"2b. By way of derogation from Articles 21a, 21b and 21c, costs linked to investments needed to comply with a standard set by the Community before the date of accession, and binding for farmers from this date, or a later date, may be taken into consideration for determining the level of annual support. This possibility is limited to the first two years of the period of support, up to the annual ceiling per farm laid down in Annex I. During this investment period, the degressivity provided for in Article 21c shall not apply. Loss of income and additional costs resulting from compliance with the standard may not be taken into consideration until the end of the investment period.

Investments supported under the first subparagraph are not eligible for support under in Chapter I."

Article 2

This Regulation shall enter into force on 1 May 2004 subject to the entry into force of the Act of Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia, and the Slovak Republic.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, ...

For the Council
The President