

Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (repealed)

TITLE V

IMPLEMENTATION OF DIRECT PAYMENTS IN THE NEW MEMBER STATES

CHAPTER 1

General provisions

Article 121

Introduction of direct payments

In the new Member States other than Bulgaria and Romania, direct payments shall be introduced in accordance with the following schedule of increments expressed as a percentage of the then applicable level of such payments in the Member States other than the new Member States:

- 60 % in 2009,
- 70 % in 2010,
- 80 % in 2011,
- 90 % in 2012,
- 100 % as from 2013.

In Bulgaria and Romania, direct payments shall be introduced in accordance with the following schedule of increments expressed as a percentage of the then applicable level of such payments in the Member States other than the new Member States:

- 35 % in 2009,
- 40 % in 2010,
- 50 % in 2011,
- 60 % in 2012,
- 70 % in 2013,
- 80 % in 2014,
- 90 % in 2015,
- 100 % as from 2016.

CHAPTER 2

Single area payment scheme

Article 122

Single area payment scheme

1 The new Member States having decided to replace the direct payments, with the exception, for 2009, 2010 and 2011, of the transitional soft fruit payment established in Section 9 of Chapter 1 of Title IV of this Regulation, and, for 2009, of the energy crops payment referred to in Chapter 5 of Title IV of Regulation (EC) No 1782/2003, with a single area payment scheme shall grant aid to farmers in accordance with this Article.

2 The single area payment shall be granted on an annual basis. It shall be calculated by dividing the annual financial envelope established in accordance with Article 123 by the agricultural area of each new Member State established in accordance with Article 124.

3 The single area payment scheme shall be available until 31 December 2013. The new Member States shall notify the Commission of their intention to terminate the application of the scheme by 1 August of the last year of application.

4 After the end of the period of application of the single area payment scheme, the direct payments shall be applied in accordance with the relevant Community rules and on the basis of the quantitative parameters, such as base area, premium ceilings and maximum guaranteed quantities, specified in the 2003 and 2005 Acts of Accession and subsequent Community legislation for each direct payment. The percentage rates set out in Article 121 of this Regulation for the relevant years shall subsequently apply.

Article 123

Annual financial envelope

1 For any new Member State, the Commission shall establish an annual financial envelope as the sum of the funds that would be available in respect of the calendar year concerned for granting direct payments in the new Member State.

The annual financial envelope shall be established according to the relevant Community rules and on the basis of the quantitative parameters, such as base areas, premium ceilings and maximum guaranteed quantities, specified in the 2003 and 2005 Acts of Accession and subsequent Community legislation for each direct payment.

The annual financial envelope shall be adjusted using the relevant percentage specified in Article 121 for the gradual introduction of direct payments, except for the amounts available in accordance with Annex XV or in accordance with the differential between these amounts or the amounts corresponding to the fruit and vegetable sector and those actually applied as referred to in Article 130(1).

2 Where in a given year the single area payments in a new Member State would exceed its annual financial envelope, the national amount per hectare applicable in that new Member State shall be reduced proportionately by applying a reduction coefficient.

Article 124

Area under the single area payment scheme

1 The agricultural area of a new Member State other than Bulgaria and Romania under the single area payment scheme shall be the part of its utilised agricultural area which was maintained in good agricultural condition on 30 June 2003, whether or not in production at that date, and, where appropriate, adjusted in accordance with the objective and non-discriminatory criteria to be set by that new Member State after approval by the Commission.

For the purposes of this Title, 'utilised agricultural area' shall mean the total area taken up by arable land, permanent grassland, permanent crops and kitchen gardens as established by the Commission for its statistical purposes.

For Bulgaria and Romania, the agricultural area under the single area payment scheme shall be the part of its utilised agricultural area which is maintained in good agricultural condition, whether or not in production, where appropriate adjusted in accordance with the objective and non-discriminatory criteria to be set by Bulgaria or Romania after approval by the Commission.

2 For the purpose of granting payments under the single area payment scheme, all agricultural parcels corresponding to the criteria provided for in paragraph 1, as well as agricultural parcels planted with short rotation coppice (CN code ex 0602 90 41) which were maintained in good agricultural condition on 30 June 2003, shall be eligible. However, for Bulgaria and Romania, all agricultural parcels corresponding to the criteria provided for in paragraph 1, as well as agricultural parcels planted with short rotation coppice (CN code ex 0602 90 41), shall be eligible.

Except in the case of *force majeure* or exceptional circumstances, the parcels referred to in the first subparagraph shall be at the farmer's disposal on the date fixed by the Member State which shall be no later than the date fixed in that Member State for amendment of the aid application.

The minimum size of eligible area per holding for which payments may be requested shall be 0,3 ha. However, any new Member State may decide, on the basis of objective criteria and after approval by the Commission, to set the minimum size at a higher level not exceeding 1 ha.

3 There shall be no obligation to produce or to employ the factors of production. However, farmers may use the land referred to in paragraph 4 of this Article for any agricultural purpose. In the case of the production of hemp, Article 39 shall apply.

4 Any land benefiting from payments under the single area payment scheme shall be maintained in good agricultural and environmental condition in accordance with Article 6.

5 Any farmer receiving support under the single area payment scheme shall respect the statutory management requirements referred to in Annex II in accordance with the following timetable:

- a requirements referred to in Point A of Annex II shall apply from 1 January 2009;
- b requirements referred to in Point B of Annex II shall apply from 1 January 2011;
- c requirements referred to in Point C of Annex II shall apply from 1 January 2013.

6 For Bulgaria and Romania, the application of Articles 4, 5, 23, 24 and 25 shall be optional until 31 December 2011 insofar as those provisions relate to statutory management

requirements. As from 1 January 2012 a farmer receiving payments under the single area payment scheme in those Member States shall fulfil the statutory management requirements referred to in Annex II in accordance with the following timetable:

- a requirements referred to in Point A of Annex II shall apply from 1 January 2012;
- b requirements referred to in Point B of Annex II shall apply from 1 January 2014;
- c requirements referred to in Point C of Annex II shall apply from 1 January 2016.

7 The new Member States may also apply the options provided for in paragraphs 5 and 6 where they decide to terminate the application of the single area payment scheme before the end of the period of application provided for in Article 122(3).

8 The application of the single area payment scheme shall in no way affect the obligation of any new Member State with regard to the implementation of Community rules on the identification and registration of animals as provided for by Regulation (EC) No 1760/2000 and Regulation (EC) No 21/2004.

Article 125

Communication

The new Member States shall inform the Commission in detail of the measures taken to implement this Chapter, and in particular the measures taken pursuant to Article 123(2).

CHAPTER 3

Separate payments and specific support

Article 126

Separate sugar payment

1 Where a new Member State has made use of the option provided for by Article 143ba of Regulation (EC) No 1782/2003, it shall grant a separate sugar payment to farmers eligible under the single area payment scheme. This payment shall be granted on the basis of the criteria adopted by the relevant Member States in 2006 and 2007.

2 The separate sugar payment shall be granted within the limits of the ceilings set out in Annex XV.

3 By way of derogation from paragraph 2, each new Member State concerned may decide, by 31 March of the year in respect of which the separate sugar payment is granted and on the basis of objective criteria, to apply for the separate sugar payment a ceiling lower than that listed in Annex XV. Where the sum of the amounts determined in accordance with paragraph 1 exceeds the ceiling decided by the new Member State concerned, the annual amount to be granted to the farmers shall be reduced proportionally.

Article 127

Separate fruit and vegetables payment

1 Where a new Member State has made use of the option provided for in Article 143bb of Regulation (EC) No 1782/2003, it shall grant a separate fruit and vegetables payment to farmers eligible under the single area payment scheme. This payment shall be granted in accordance with the criteria adopted by the Member State in 2007.

2 The separate fruit and vegetables payment shall be granted within the limits of the component of the national ceiling referred to in Article 40 of this Regulation corresponding to fruit and vegetables or, where a new Member State made use of the option provided for in Article 143bb(3) of Regulation (EC) No 1782/2003, at a lower ceiling.

Article 128

Separate transitional fruit and vegetables payment

1 Where a new Member State has made use of the option provided for in Article 143bc(1) of Regulation (EC) No 1782/2003, it may retain, up to 31 December 2011, up to 50 % of the component of national ceilings referred to in Article 40 of this Regulation corresponding to tomatoes falling within CN code 0702 00 00 in accordance with its decision of 2007.

In this case and within the limit of the ceiling fixed in accordance with the procedure referred to in Article 141(2) of this Regulation, the Member State concerned shall make, on a yearly basis, an additional payment to farmers.

The additional payment shall be granted to farmers producing tomatoes under the conditions provided for in Section 8 of Chapter 1 of Title IV of this Regulation.

2 Where a new Member State has made use of the option provided for in Article 143bc(2) of Regulation (EC) No 1782/2003, it may retain, in accordance with its decision of 2007:

- a up to 31 December 2010, up to 100 % of the component of national ceilings referred to in Article 40 of this Regulation corresponding to the fruit and vegetable crops other than annual crops listed in the third subparagraph of Article 54(2) of this Regulation;
- b from 1 January 2011 up to 31 December 2012, up to 75 % of the component of national ceilings referred to in Article 40 of this Regulation corresponding to fruit and vegetable crops other than annual crops listed in the third subparagraph of Article 54(2) of this Regulation.

In this case and within the limit of the ceiling fixed in accordance with the procedure referred to in Article 141(2) of this Regulation, the Member State concerned shall make, on a yearly basis, an additional payment to farmers.

The additional payment shall be granted to farmers producing one or more of the fruit and vegetables products, as determined by the Member State concerned, listed in the third subparagraph of Article 54(2) of this Regulation.

3 The new Member States having made use of the options provided for in Article 143bc of Regulation (EC) No 1782/2003 may decide, by 1 August 2009, to review the decision taken in 2007 with a view either:

- a to integrate all or part of those payments into the single area payment scheme. In this case, by way of derogation from Article 130 of this Regulation, the amounts concerned shall be included in the annual financial envelope referred to in Article 123(1) of this Regulation; or
- b to integrate all or part of those payments into the separate fruit and vegetable payment referred to in Article 127 of this Regulation. In this case, the new payment shall be granted on the basis of objective and non-discriminatory criteria such as those set out in paragraph 2 of point A of Annex IX to this Regulation and in respect of a representative period ending in 2008.

Article 129

Separate soft fruit payment

1 By way of derogation from Article 122, the new Member States applying the single area payment scheme may decide, by 1 August 2011, to grant from 2012 a separate soft fruit payment. It shall be granted on the basis of objective and non-discriminatory criteria such as the payments received under the transitional soft fruit payment provided for in Article 98 and in respect of a representative period to be fixed by that Member State but no later than 2008.

2 The separate soft fruit payment shall be granted within the limits of the amounts referred to in Annex XII corresponding to the soft fruit payment.

3 In 2012, Member States applying this Article may grant national aid in addition to the separate soft fruit payment. The total amount of Community and national aid shall not exceed the following ceilings:

- Bulgaria: EUR 960 000,
- Latvia: EUR 160 000,
- Lithuania: EUR 240 000,
- Hungary: EUR 680 000,
- Poland: EUR 19 200 000.

Article 130

Common provisions for the separate payments

1 The funds made available for granting the payment referred to in Articles 126, 127, 128 and 129 shall not be included in the annual financial envelope referred to in Article 123(1). However, where Article 126(3) is applied, the differential between the ceiling listed in Annex XV and that actually applied shall be included in the annual financial envelope referred to in Article 123(1).

2 Article 132 shall not apply to the separate payments referred to in Articles 127, 128 and 129. Except in the case of Bulgaria and Romania, Article 132 shall not apply to the separate payments referred to in Article 126.

3 In the event of actual or anticipated inheritance, the separate sugar payment referred to in Article 126, the separate fruit and vegetables payment referred to in Article 127 and the separate soft fruit payment referred to in Article 129 shall be granted to the farmer who inherited the holding, on condition that this farmer is eligible under the single area payment scheme.

Article 131

Specific support

1 The new Member States applying the single area payment scheme may decide, by 1 August 2009, 1 August 2010 or 1 August 2011, to use, from the year following that decision, up to 10 % of their national ceilings referred to in Article 40 to grant support to farmers as set out in Article 68(1) and in accordance with Chapter 5 of Title III, as applicable to them.

2 By way of derogation from Article 68(4)(c), support for measures referred to in Article 68(1)(c) shall take the form of an increase in the per hectare amounts granted under the single area payment scheme.

The second subparagraph of Article 68(3) shall not apply to the new Member States applying the single area payment scheme.

3 By way of derogation from Article 69(6), new Member States applying the single area payment scheme referred to in Article 122 shall raise the funds needed to cover the support referred to in paragraph 1 of this Article by:

- a reducing their annual financial envelope referred to in Article 123; and/or
- b making a linear reduction in the direct payments other than the single area payment scheme.

4 The amounts referred to in paragraph 1 of this Article shall be set by the Commission in accordance with the procedure referred to in Article 141(2).

These amounts shall be deducted from the annual financial envelopes referred to in Article 123(1) of the new Member States concerned.

CHAPTER 4

Complementary national direct payments and direct payments

Article 132

Complementary national direct payments and direct payments

1 For the purposes of this Article, ‘CAP-like national scheme’ shall mean any national direct payment scheme applicable prior to the date of accession of the new Member States under which the support was granted to farmers in respect of production covered by one of the direct payments.

2 The new Member States shall have the possibility, subject to authorisation by the Commission, to complement any direct payments:

- a with regard to all direct payments, up to 30 percentage points above the applicable level referred to in Article 121 in the relevant year. As far as Bulgaria and Romania are concerned, the following shall apply: 65 % of the level of direct payments in the Community as constituted on 30 April 2004 in 2009 and from 2010 up to 50 percentage points above the applicable level referred to in the second paragraph of Article 121 in the relevant year. However, the Czech Republic may complement direct payments in the potato starch sector up to 100 % of the level applicable in the Member States other

than the new Member States. For the direct payments referred to in Chapter 7 of Title IV of Regulation (EC) No 1782/2003, the new Member States may complement the direct payments up to 100 %. As far as Bulgaria and Romania are concerned, the following maximum rates shall apply: 95 % in 2009 and 100 % as from 2010;

or

- b (i) with regard to direct payments other than the single payment scheme, up to the total level of direct support the farmer would have been entitled to receive, on a product by product basis, in the new Member State in the calendar year 2003 under a CAP-like national scheme increased by 10 percentage points. However, for Lithuania, the reference year shall be the calendar year 2002. For Bulgaria and Romania, the reference year shall be the calendar year 2006. For Slovenia, the increase shall be 25 percentage points;
- (ii) with regard to the single payment scheme, up to the total amount of complementary national direct aid which may be granted by a new Member State in respect of a given year shall be limited by a specific financial envelope. This envelope shall be equal to the difference between:
 - the total amount of CAP-like national direct support that would be available in the relevant new Member State in respect of the calendar year 2003 or, in the case of Lithuania, of the calendar year 2002, each time increased by 10 percentage points. However, for Bulgaria and Romania, the reference year shall be the calendar year 2006. For Slovenia, the increase shall be 25 percentage points, and
 - the national ceiling of that new Member State listed in Annex VIII adjusted, where appropriate, in accordance with Article 51(2).

For the purpose of calculating the total amount referred to in the first indent of this subpoint, the national direct payments or their components corresponding to the Community direct payments or their components which were taken into account for calculating the effective ceiling of the new Member State concerned in accordance with Article 40 and Article 51(2) shall be included.

For each direct payment concerned, a new Member State may choose to apply either point (a) or (b) of the first subparagraph.

The total direct support which a farmer may be granted in the new Member States after accession under the relevant direct payment, including all complementary national direct payments, shall not exceed the level of direct support a farmer would be entitled to receive under the corresponding direct payment then applicable to the Member States in the Member States other than the new Member States, from 2012, taking into account the application of Article 7 in conjunction with Article 10.

- 3 Cyprus may complement the direct aid paid to a farmer under any direct payments for the support schemes listed in Annex I up to the total level of support the farmer would have been entitled to receive in Cyprus in 2001.

The Cypriot authorities shall ensure that the total direct support a farmer is granted after accession in Cyprus under the relevant direct payment, including all complementary national direct payments, in no event exceeds the level of direct support a farmer would be entitled to receive under that direct payment in the relevant year in the Member States other than the new Member States.

The total amounts of complementary national aid to be granted shall be those indicated in Annex XVI.

The complementary national aid to be granted shall be subject to any adjustments which may be rendered necessary by developments in the CAP.

Paragraphs 2 and 5 shall not apply to Cyprus.

4 If a new Member State decides to apply the single area payment scheme, that new Member State may grant complementary national direct aid under the conditions referred to in paragraphs 5 and 8.

5 The total amount of complementary national aid granted in that year when applying the single area payment scheme may be limited by a specific financial envelope per (sub)sector provided that such a (sub)sector specific financial envelope may only relate to:

- a the combined direct payments to the single payment scheme; and/or
- b for 2009, one or more of the direct payments that are excluded or may be excluded from the single payment scheme in accordance with Article 70(2) of Regulation (EC) No 1782/2003 or may be subject to partial implementation as referred to in Article 64(2) of that Regulation;
- c from 2010, one or more of the direct payments that may be subject to partial implementation or specific support as provided for in Article 51(2) and Article 68 of this Regulation.

This envelope shall be equal to the difference between:

- a the total amount of support per (sub)sector resulting from the application of point (a) or (b) of the first subparagraph of paragraph 2, as appropriate; and
- b the total amount of direct support that would be available in the relevant new Member State for the same (sub)sector in the year concerned under the single area payment scheme.

6 The new Member State may decide, on the basis of objective criteria and after authorisation by the Commission, on the amounts of complementary national aid to be granted.

7 The authorisation by the Commission shall:

- a where point (b) of the first subparagraph of paragraph 2 applies, specify the relevant CAP-like national direct payment schemes;
- b define the level up to which the complementary national aid may be paid, the rate of the complementary national aid and, where appropriate, the conditions for the granting thereof;
- c be granted subject to any adjustments which may be rendered necessary by developments in the CAP.

8 No complementary national payments or aid shall be granted for agricultural activities in respect of which direct payments are not provided for in the Member States other than the new Member States.

Article 133

State aid in Cyprus

Cyprus may, in addition to the complementary national direct payments, grant transitional and digressive national aid until the end of 2012. This State aid shall be granted in a form similar to Community aid, such as decoupled payments.

Taking into account the nature and amount of national support granted in 2001, Cyprus may grant State aid to the (sub)sectors listed in Annex XVII and up to the amounts specified in that Annex.

The State aid to be granted shall be subject to any adjustments which may be rendered necessary by developments in the CAP. Should such adjustments prove necessary, the amount of the aid or the conditions for the granting thereof shall be amended on the basis of a decision by the Commission.

Cyprus shall submit an annual report to the Commission on the implementation of the State aid measures, indicating the forms of aid and amounts per (sub)sector.