

Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001 (repealed)

COUNCIL REGULATION (EC) No 1782/2003

of 29 September 2003

establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001 (repealed)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 36, 37 and 299(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament⁽¹⁾,

Having regard to the Opinion of the European Economic and Social Committee⁽²⁾,

Having regard to the Opinion of the Committee of the Regions⁽³⁾,

Whereas:

- (1) Common conditions should be established for direct payments under the various income support schemes in the framework of the common agricultural policy.
- (2) The full payment of direct aid should be linked to compliance with rules relating to agricultural land, agricultural production and activity. Those rules should serve to incorporate in the common market organisations basic standards for the environment, food safety, animal health and welfare and good agricultural and environmental condition. If those basic standards are not met, Member States should withdraw direct aid in whole or in part on the basis of criteria which are proportionate, objective and graduated. Such withdrawal should be without prejudice to sanctions laid down now or in the future under other provisions of Community or national law.
- (3) In order to avoid the abandonment of agricultural land and ensure that it is maintained in good agricultural and environmental condition, standards should be established which may or may not have a basis in provisions of the Member States. It is therefore appropriate to establish a Community framework within which Member States may adopt standards taking account of the specific characteristics of the areas concerned,

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

including soil and climatic conditions and existing farming systems (land use, crop rotation, farming practices) and farm structures.

- (4) Since permanent pasture has a positive environmental effect, it is appropriate to adopt measures to encourage the maintenance of existing permanent pasture to avoid a massive conversion into arable land.
- (5) In order to achieve a better balance between policy tools designed to promote sustainable agriculture and those designed to promote rural development, a system of progressive reduction of direct payments should be introduced on a compulsory Community-wide basis for the years 2005 to 2012. All direct payments, beyond certain amounts, should be reduced by a certain percentage each year. The savings made should be used to finance measures under the rural development and allocated between Member States according to objective criteria to be defined. However, it is appropriate to establish that a certain percentage of the amounts should remain in the Member States where they have been generated. Until 2005, Member States may continue to apply the current modulation on an optional basis under Council Regulation (EC) No 1259/1999 of 17 May 1999 establishing common rules for direct support schemes under the common agricultural policy⁽⁴⁾.
- (6) With a view to ensure that the amounts for the financing of the common agricultural policy (subheading 1a) respect the annual ceilings set in the financial perspectives, it is appropriate to provide for a financial mechanism to adjust, where necessary, the direct payments. An adjustment of direct support should be fixed when the forecasts indicate that the subheading 1a, with a security margin of EUR 300 million, is exceeded in a given budget year.
- (7) In view of the structure adjustments resulting from the abolition of rye intervention, it is appropriate to provide for transitional measures for certain rye production regions financed with part of the amounts generated by modulation.
- (8) In order to help farmers to meet the standards of modern, high-quality agriculture, it is necessary that Member States establish a comprehensive system offering advice to commercial farms. The farm advisory system should help farmers to become more aware of material flows and on-farm processes relating to the environment, food safety, animal health and welfare without in any way affecting their obligation and responsibility to respect those standards.
- (9) In order to facilitate the introduction of the farm advisory system, it should be provided for a time-period for Member States to set-up the system. Entry into the system should be on a voluntary basis for farmers with a priority for those who receive more than a certain amount per year in direct payments. Due to its nature of affording advice to farmers, it is appropriate for the information obtained in the course of the advisory activity to be treated as confidential, except in case of serious infringements of Community or national law.
- (10) Member States must, in accordance with Article 8 of Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy⁽⁵⁾, take the measures necessary to satisfy themselves that transactions financed by the

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

‘Guarantee’ Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) are actually carried out and are executed correctly, and prevent and deal with irregularities.

- (11) In order to improve the effectiveness and usefulness of the administration and control mechanisms, it is necessary to adapt the system established by Council Regulation (EEC) No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes⁽⁶⁾ with a view to including the single payment scheme, the support schemes for durum wheat, protein crops, energy crops, rice, potato starch, nuts, milk, seed, grain legumes and specific regional aids as well as controls on the application of the rules on cross compliance, modulation and the farm advisory system. Provision should be made for the possibility of including, at a later stage, other aid schemes.
- (12) For the sake of effective control and to prevent the submission of multiple aid applications to different paying agencies within one Member State, each Member State should set up a single system to record the identity of farmers submitting aid applications subject to the integrated system.
- (13) The various components of the integrated system are aimed at a more effective administration and control. Therefore, in the case of Community schemes not covered by this Regulation, the Member States should be authorised to avail themselves of the system, on condition they do not in any way act contrary to the provisions concerned.
- (14) Given the complexity of the system and the large number of aid applications to be processed, it is essential to use the appropriate technical resources and administration and control methods. As a result, the integrated system should comprise, in each Member State, a computerised data base, an identification system for agricultural parcels, aid applications from farmers, a harmonised control system and, in the single payment scheme, a system for the identification and recording of payment entitlements.
- (15) To enable the data collected to be processed and used for the verification of aid applications, it is necessary to set up high-performance computerised data bases which make it possible in particular to carry out cross-checks.
- (16) The identification of agricultural parcels is a key element in the correct application of schemes linked to surface area. Experience has shown that the existing methods have certain deficiencies. Therefore, provision should be made for an identification system to be set up, where necessary, with the aid of remote sensing.
- (17) For the sake of simplification, Member States should be authorised to make provision for the submission of a single application for several aid schemes and to replace the annual application by a permanent application subject only to annual confirmation.
- (18) Member States should be enabled to use amounts which become available as a result of payment reductions under modulation for certain additional measures in the framework of rural development support provided for under Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)⁽⁷⁾.

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

- (19) Since the amounts which will become available as a result of cross compliance are not foreseeable sufficiently far ahead to be used for additional measures in the framework of rural development support, those amounts should be credited to the EAGGF 'Guarantee' Section, except for a certain percentage which should be retained by the Member States.
- (20) Payments provided for under Community support schemes should be made by the competent national authorities to beneficiaries in full, subject to any reductions provided for in this Regulation, and within prescribed periods.
- (21) The support schemes under the common agricultural policy provide for direct income support in particular with a view to ensuring a fair standard of living for the agricultural community. This objective is closely related to the maintenance of rural areas. In order to avoid misallocations of Community funds, no support payments should be made to farmers who have artificially created the conditions required to obtain such payments.
- (22) Common support schemes have to be adapted to developments, if necessary within short time limits. Beneficiaries cannot, therefore, rely on support conditions remaining unchanged and should be prepared for a possible review of schemes in the light of market developments.
- (23) In view of the significant budgetary implications of direct payment support and in order to better appraise their impact, Community schemes should be subject to a proper evaluation.
- (24) Enhancing the competitiveness of Community agriculture and promoting food quality and environment standards necessarily entail a drop in institutional prices for agricultural products and an increase in the costs of production for agricultural holdings in the Community. To achieve those aims and promote more market-oriented and sustainable agriculture, it is necessary to complete the shift from production support to producer support by introducing a system of decoupled income support for each farm. While decoupling will leave the actual amounts paid to farmers unchanged, it will significantly increase the effectiveness of the income aid. It is, therefore, appropriate to make the single farm payment conditional upon cross-compliance with environmental, food safety, animal health and welfare, as well as the maintenance of the farm in good agricultural and environmental condition.
- (25) Such a system should combine a number of existing direct payments received by a farmer from various schemes in a single payment, determined on the basis of previous entitlements, within a reference period, adjusted to take into account the full implementation of measures introduced in the framework of Agenda 2000 and of the changes to the amounts of aid made by this Regulation.
- (26) Since the benefits in terms of administrative simplification will increase if many sectors are included the scheme should, in a first stage, cover all products included in the arable crops regime as well as grain legumes, seeds, beef and sheep. The revised payments for rice and durum wheat as well as the payment in the milk sector once the reform is fully implemented, should also be integrated into the scheme. Payments for starch potatoes

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

and dried fodder should also be included in the scheme, while separate payments for the processing industry should be maintained.

- (27) Specific measures should be laid down for hemp, to ensure that illegal crops cannot be hidden among the crops eligible for the single payment, thereby adversely affecting the common market organisation for hemp. Provision should therefore be made for area payments to be granted only for areas sown to varieties of hemp offering certain guarantees with regard to the psychotropic substance content. The references to the specific measures provided for by Council Regulation (EC) No 1673/2000 of 27 July 2000 on the common organisation of the markets in flax and hemp grown for fibre⁽⁸⁾ should be adapted accordingly.
- (28) In order to leave farmers free to choose what to produce on their land, including products which are still under coupled support, thus increasing market orientation, the single payment should not be conditional on production of any specific product. However, in order to avoid distortions of competition some products should be excluded from production on eligible land.
- (29) In order to establish the amount to which a farmer should be entitled under the new scheme, it is appropriate to refer to the amounts granted to him during a reference period. To take account of specific situations, a national reserve should be established. That reserve may also be used to facilitate the participation of new farmers in the scheme. The single payment should be established at farm level.
- (30) The overall amount to which a farm is entitled should be split into parts (payment entitlements) and linked to a certain number of eligible hectares to be defined, in order to facilitate transfer of the premium rights. To avoid speculative transfers leading to the accumulation of payment entitlements without a corresponding agricultural basis, in granting aid, it is appropriate to provide for a link between entitlements and a certain number of eligible hectares, as well as the possibility of limiting the transfer of entitlements within a region. Specific provisions should be laid down for aid not directly linked to an area taking into account the peculiar situation of sheep and goat rearing.
- (31) To ensure that the total level of support and entitlements do not exceed current budgetary constraints at Community or national level and, where applicable, at regional level, it is appropriate to provide for national ceilings calculated as the sum of all funds granted in each Member State for the payment of aids under the relevant support schemes, during the reference period and taking into account later adjustments. Proportional reductions should be applicable if the ceiling is overshoot.
- (32) In order to maintain the supply control benefits of set-aside, while reinforcing its environmental benefits under the new system of support, the set-aside conditions for arable land should be maintained.
- (33) In order to allow flexibility to respond to specific situations, Member States should have the option to define a certain balance between individual payment entitlements and regional or national averages and between existing payments and the single payment. A specific derogation to the prohibition on cultivating fruits and vegetables including table potatoes should be provided for avoiding that in case of regionalisation

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

this does not lead to a disruption of the production whilst minimizing any effect on distortion of competition. Moreover, in order to take into account its agricultural specific conditions, it is appropriate to provide for the possibility for a Member State to ask for a transitional period to implement the single payment scheme while continuing to respect the budgetary ceilings fixed for the single payment scheme. In case of severe distortions of competition during the transitional period and in order to ensure the respect of the Community international obligations, it is appropriate that the Commission can take the necessary measures to cope with such situations.

- (34) In case of optional or transitional implementation, in order to protect the legitimate expectations of farmers, it is appropriate to fix a date before which Member States have to take their decision to apply the single payment scheme. Moreover, to ensure the continuation of the current regimes, certain conditions for entitlement to aid should be established, leaving to the Commission the powers to lay down the implementing rules.
- (35) In order to maintain the role of durum wheat production in traditional production area while strengthening the granting of the aid to durum wheat respecting certain minimum quality requirements, it is appropriate to reduce, over a transitional period, the current specific supplement for durum wheat in traditional areas and to abolish the special aid in established areas. Only cultivation which produces durum wheat suitable for use in the manufacture of semolina and pasta products should be eligible for that aid.
- (36) In order to strengthen the role of protein-rich crops and to provide an incentive to increase the production of these crops, it is appropriate to provide for a supplementary payment for farmers producing these crops. To ensure a correct application of the new scheme, certain conditions for entitlement to aid should be established. A maximum guaranteed area should be prescribed and proportional reductions applied if the maximum guaranteed area is exceeded.
- (37) In order to maintain the role of rice production in traditional production areas, it is appropriate to provide for a supplementary payment for rice producers. To ensure a correct application of the new scheme, certain conditions for entitlement to aid should be established. National base areas should be established and reductions applied if the areas are exceeded.
- (38) New support arrangements for nuts should be established to avoid the potential disappearance of nut production in traditional areas and the subsequent negative environmental, rural, social and economic consequences. To ensure a correct application of the new arrangements, certain conditions for entitlement to aid should be established, including a minimum tree density and plot size. In order to cater for specific needs, Member States should be entitled to provide additional aid.
- (39) To avoid budgetary overshoot, a maximum guaranteed area should be prescribed and proportional reductions applied if the maximum guaranteed area is exceeded, concentrated in Member States which overshoot their area. To ensure balanced application throughout the Community, this area should be allocated in proportion to areas of nut production in Member States. The Member States should be responsible for allocating the areas within their territory. Areas subject to improvement plans should not be eligible for aid under the new scheme until the plan has expired.

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

- (40) In order to capitalise on the success of improvement plans in regrouping supply, Member States may make entitlement to Community aid and national aid conditional on membership of producer organisations. To avoid disruption, a smooth transition must be ensured to the new scheme.
- (41) Currently, support for energy crops consists of the possibility to grow industrial crops on set-aside land. Energy crops account for the largest amount of non-food production on set-aside land. Specific aid for energy crops with the objective of increasing carbon dioxide substitution should be established. A maximum guaranteed area should be prescribed and proportional reductions applied if the maximum guaranteed area is exceeded. The arrangements should be reviewed after a prescribed period taking into account the implementation of the Community biofuels initiative.
- (42) In order to maintain starch production in traditional areas of production and to recognise the role of potato production in the agronomic cycle, it is appropriate to provide for a supplementary payment for potato starch producers. Moreover, in so far as the payment system for starch potato producers is to be partially included in the single payment scheme, Council Regulation (EC) No 1868/94 of 27 July 1994 establishing a quota system in relation to the production of potato starch⁽⁹⁾ should be amended.
- (43) The inclusion of arable crops, beef and sheep extends the single payment scheme to premiums which are paid in the outermost regions and Aegean islands, in order to achieve further simplification and to avoid leaving in place a legal and administrative framework for a limited number of farmers in those areas. However, in order to maintain the role of certain type of production in these regions of the Community, it is appropriate to provide that Member States may decide that they need not include those payments in the single payment scheme. The same possibility should apply to the supplementary payments in certain regions of Sweden and Finland as well as to seed aid. In this cases, the continuation of the current regimes requires that certain conditions for entitlement to aid shall be established, leaving to the Commission the powers to lay down the implementing rules.
- (44) In order to facilitate the transition between the current regimes for arable crops payments and livestock premiums and the new single payment scheme, it is appropriate to provide for some adaptations to the current direct payments in those sectors.
- (45) Agricultural activity in the Azores is highly dependent on milk production. It thus is advisable to renew and extend the measures taken in Article 23 of Regulation (EC) No 1453/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Azores and Madeira⁽¹⁰⁾ and to derogate for a period of six marketing years in total beginning in 1999/2000 from certain provisions of the common market organisation for milk and milk products as regard of limitation of production in order to take account of the level of development of and the conditions for local production. Over the period of its application, this measure should enable the sector in the Azores to continue being restructured without interfering with the milk market and without appreciably affecting the sound working of the levy scheme at Portuguese or Community level.

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

- (46) The application of the single farm payment scheme will de facto imply that the conversion programme of land currently under arable crops to extensive livestock farming in Portugal laid down in Regulation (EC) No 1017/94⁽¹¹⁾ becomes without object. Regulation (EC) No 1017/94 should therefore be repealed by the entry into force of the single payment scheme.
- (47) As a result of the aforementioned changes and new provisions, Council Regulations (EEC) No 3508/92, (EC) No 1577/96 of 30 July 1996 introducing a specific measure in respect of certain grain legumes⁽¹²⁾ and (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops⁽¹³⁾ should be repealed. Regulation (EC) No 1259/1999 should also be repealed, except some provisions which provide for specific temporary and optional regimes.
- (48) The specific provisions concerning direct payments in Council Regulations (EEC) No 2358/71 of 26 October 1971 on the common organisation of the market in seeds⁽¹⁴⁾, No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning certain agricultural products⁽¹⁵⁾, (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal⁽¹⁶⁾, (EC) No 1452/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the French overseas departments⁽¹⁷⁾, (EC) No 1454/2001 of 28 June 2001 introducing specific measures for certain agricultural products for the Canary Islands⁽¹⁸⁾ and (EC) No 2529/2001 of 19 December 2001 on the common organisation of the market in sheepmeat and goatmeat⁽¹⁹⁾ have effectively lost their substance and should therefore be deleted.
- (49) At the time of entry into force of this regulation, the Community consists of 15 Member States. Taking into account the fact that, according to the Treaty of Accession of 2003, the accession of the new Member States is to take place on 1 May 2004, this Regulation should be adapted, by the date of accession, according to the procedures provided for by that Treaty, in order to make it applicable to the new Member States.
- (50) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission⁽²⁰⁾,

HAS ADOPTED THIS REGULATION:

Status: Point in time view as at 01/01/2008.

Changes to legislation: There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text. (See end of Document for details)

- (1) Opinion delivered on 5 June 2003 (not yet published in the Official Journal).
- (2) [OJ C 208, 3.9.2003, p. 64.](#)
- (3) Opinion delivered on 2 July 2003 (not yet published in the Official Journal).
- (4) [OJ L 160, 26.6.1999, p. 113.](#) Regulation as amended by Regulation (EC) No 1244/2001 ([OJ L 173, 27.6.2001, p. 1.](#)).
- (5) [OJ L 160, 26.6.1999, p. 103.](#)
- (6) [OJ L 355, 5.12.1992, p. 1.](#) Regulation as last amended by Commission Regulation (EC) No 495/2001 ([OJ L 72, 14.3.2001, p. 6.](#)).
- (7) [OJ L 160, 26.6.1999, p. 80.](#)
- (8) [OJ L 193, 29.7.2000, p. 16.](#) Regulation as amended by Commission Regulation (EC) No 651/2002 ([OJ L 101, 17.4.2002, p. 3.](#)).
- (9) [OJ L 197, 30.7.1994, p. 4.](#) Regulation as last amended by Regulation (EC) No 962/2002 ([OJ L 149, 7.6.2002, p. 1.](#)).
- (10) [OJ L 198, 21.7.2001, p. 26.](#)
- (11) [OJ L 112, 3.5.1994, p. 2.](#) Regulation as last amended by Regulation (EC) No 2582/2001 ([OJ L 345, 29.12.2001, p. 5.](#)).
- (12) [OJ L 206, 16.8.1996, p. 4.](#) Regulation as last amended by Regulation (EC) No 811/2000 ([OJ L 100, 20.4.2000, p. 1.](#)).
- (13) [OJ L 160, 26.6.1999, p. 1.](#) Regulation as last amended by Regulation (EC) No 1038/2001 ([OJ L 145, 31.5.2001, p. 16.](#)).
- (14) [OJ L 246, 5.11.1971, p. 1.](#) Regulation as last amended by Regulation (EC) No 154/2002 ([OJ L 25, 29.1.2002, p. 18.](#)).
- (15) [OJ L 184, 27.7.1993, p. 1](#) ([OJ L 68, 12.3.2002, p. 4.](#)). Regulation as last amended by Regulation (EC) No 442/2002.
- (16) [OJ L 160, 26.6.1999, p. 21.](#) Regulation as last amended by Regulation (EC) No 806/2003 ([OJ L 122, 16.5.2003, p. 1.](#)).
- (17) [OJ L 198, 21.7.2001, p. 11.](#)
- (18) [OJ L 198, 21.7.2001, p. 45.](#) Regulation as last amended by Commission Regulation (EC) No 1922/2002 ([OJ L 293, 29.10.2002, p. 11.](#)).
- (19) [OJ L 341, 22.12.2001, p. 3.](#)
- (20) [OJ L 184, 17.7.1999, p. 23.](#)

Status:

Point in time view as at 01/01/2008.

Changes to legislation:

There are currently no known outstanding effects for the Council Regulation (EC) No 1782/2003 (repealed), Introductory Text.