

## COUNCIL REGULATION (EC) No 1259/1999

of 17 May 1999

## establishing common rules for direct support schemes under the common agricultural policy

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission<sup>(1)</sup>,Having regard to the opinion of the European Parliament<sup>(2)</sup>,Having regard to the opinion of the Economic and Social Committee<sup>(3)</sup>,Having regard to the opinion of the Committee of the Regions<sup>(4)</sup>,Having regard to the opinion of the Court of Auditors<sup>(5)</sup>,

(1) Whereas for direct payments under the various income support schemes in the common agricultural policy some common conditions should be established;

(2) Whereas payments provided for under Community support schemes should be made by the competent national authorities in full to beneficiaries subject to any reductions explicitly provided for in this Regulation;

(3) Whereas, with a view to better integrating the environment into the common market organisations, Member States should apply appropriate environmental measures in relation to agricultural land and agricultural production subject to direct payments; whereas Member States should decide on the consequences in the case of environmental requirements not being

observed; whereas Member States should be enabled to reduce or even cancel benefits accruing from support schemes where such environmental requirements are not respected; whereas such measures should be taken by Member States notwithstanding the possibility of granting aid in return for optional agri-environmental commitments;

(4) Whereas, in order to stabilise the employment situation in agriculture and to take into account the overall prosperity of holdings and Community support to those holdings and thus to contribute to a fair standard of living for the agricultural community, including all persons engaged in agriculture, Member States should be authorised to reduce direct payments to farmers in cases where the labour force used on their holding falls short of limits to be determined and/or where the overall prosperity of holdings and/or the total amounts of payments rise above limits to be decided by Member States; whereas in order to maintain in particular agricultural productivity, such reductions should, however, not exceed 20 % of the total amount of payments;

(5) Whereas detailed rules for reductions of payments should be determined by Member States on the basis of objective criteria; whereas Member States should be enabled to use amounts made available from payment reductions 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) and amending and repealing certain Regulations<sup>(6)</sup>;

(6) Whereas common support schemes have to be adapted to market developments, if necessary within short time limits; whereas 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;

<sup>(1)</sup> OJ C 170, 4.6.1998, p. 93.<sup>(2)</sup> Opinion delivered on 6 May 1999 (not yet published in the Official Journal).<sup>(3)</sup> OJ C 407, 28.12.1998, p. 208.<sup>(4)</sup> OJ C 93, 6.4.1999, p. 1.<sup>(5)</sup> OJ C 401, 22.12.1998, p. 3.<sup>(6)</sup> See page 80 of this Official Journal.

- (7) Whereas 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; whereas this objective is closely related to the maintenance of rural areas; whereas, in order to avoid misallocations of Community funds, no support payments should be made to those farmers for whom it is established that they have artificially created the conditions required for obtaining such payments with a view to obtaining an advantage contrary to the objectives of support schemes;
- (8) Whereas, 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,

HAS ADOPTED THIS REGULATION:

### *Article 1*

#### **Scope**

This Regulation shall apply to payments granted directly to farmers under support schemes in the framework of the common agricultural policy which are financed in full or in part by the 'Guarantee' section of the EAGGF, except those provided for under Regulation (EC) No 1257/1999.

These support schemes are listed in the Annex.

### *Article 2*

#### **Full payment**

Payments under support schemes shall be made in full to the beneficiaries.

### *Article 3*

#### **Environmental protection requirements**

1. Where agricultural activity within the scope of this Regulation is concerned, Member States shall take the environmental measures they consider to be appropriate in view of the situation of the agricultural

land used or the production concerned and which reflect the potential environmental effects. These measures may include:

- support in return for agri-environmental commitments,
- general mandatory environmental requirements,
- specific environmental requirements constituting a condition for direct payments.

2. Member States shall decide on the penalties that are appropriate and proportionate to the seriousness of the ecological consequences of not observing the environmental requirements referred to in paragraph 1. They may provide for a reduction or, where appropriate, a cancellation of the benefits accruing from the support schemes concerned if such environmental requirements are not respected.

### *Article 4*

#### **Modulation**

1. Member States may decide to reduce the amounts of payments which would, but for this paragraph, be granted to farmers in respect of a given calendar year in cases where:

- the labour force used on their holdings during that calendar year, expressed in annual work units, falls short of limits to be determined by the Member States, and/or
- the overall prosperity of their holdings during that calendar year, expressed in the form of standard gross margin corresponding to the average situation of either a given region or a smaller geographic entity, rises above limits to be decided by Member States, and/or
- the total amounts of payments granted under support schemes in respect of a calendar year exceed limits to be decided by Member States.

'Annual work unit' shall mean the national or regional average annual working time of adult full-time farm workers employed throughout a calendar year.

'Standard gross margin' shall mean the difference between standard production value and the standard amount for certain specific costs.

2. The reduction of support to a farmer in respect of a given calendar year, resulting from the application of the measures referred to in paragraph 1, shall not exceed 20 % of the total amount of payments which would, but for paragraph 1, be granted to the farmer in respect of the calendar year concerned.

### *Article 5*

#### **Common provision**

1. Member States shall apply the measures referred to in Articles 3 and 4 in such a way as to ensure equal treatment between farmers and to avoid market and competition distortions.

2. The difference between the amounts which would, but for Articles 3 and 4, be paid to farmers in a Member State in respect of a calendar year and the amounts calculated after application of those Articles , shall be available to the Member State concerned within time limits to be fixed under the procedure referred to in Article 11 as additional Community support for measures under Articles 10 to 12 (early retirement), 13 to 21 (less-favoured areas and areas with environmental restrictions), 22 to 24 (agri-environment) and 31 (afforestation) of Regulation (EC) No 1257/1999.

### *Article 6*

#### **Review**

Support schemes shall be applied without prejudice to possible review at any moment in the light of market developments.

### *Article 7*

#### **Restriction of payments**

Notwithstanding any specific provisions in individual support schemes, no payment shall be made in favour of beneficiaries for whom it is established that they artificially created the conditions required for obtaining such payments with a view to obtaining an advantage contrary to the objectives of that support scheme.

### *Article 8*

#### **Evaluation**

In order to gauge their effectiveness, payments under support schemes shall be subject to evaluation

designed to appraise their impact with respect of their objectives and to analyse their effects on the relevant markets.

### *Article 9*

#### **Transmission of information to the Commission**

Member States shall inform the Commission in detail on the measures taken to implement this Regulation.

### *Article 10*

#### **Definitions**

For the purposes of this Regulation:

- (a) 'farmer' shall mean an individual agricultural producer, whether a natural or legal person or a group of natural or legal persons, whatever legal status is granted the group and its members by national law, whose holding is within Community territory,
- (b) 'holding' shall mean all the production units managed by a farmer situated within the same Member State's territory,
- (c) payments to be granted in respect of a calendar year shall include payments to be granted in respect of other periods starting in that calendar year.

### *Article 11*

#### **Detailed rules**

In accordance with the procedure referred to in Article 9 of Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops<sup>(1)</sup>, the procedure referred to in Article 43 of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal<sup>(2)</sup> or, as appropriate, the corresponding Articles in the other Regulations on the common organisation of agricultural markets, the Commission shall adopt:

<sup>(1)</sup> See page 1 of this Official Journal.

<sup>(2)</sup> See page 21 of this Official Journal.

- where appropriate, detailed rules for the application of this Regulation including, in particular, the measures necessary to avoid Articles 3 and 4 being circumvented, as well as those concerning Article 7 and
- amendments to the Annex as may become necessary taking into account the criteria set out in Article 1.

*Article 12***Entry into force**

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

It shall apply as from 1 January 2000.

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

Done at Brussels, 17 May 1999.

*For the Council*

*The President*

K.-H. FUNKE

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## ANNEX

## LIST OF SUPPORT SCHEMES FULFILLING THE CRITERIA SET OUT IN ARTICLE 1

Sector	Legal base	Notes
Arable crops	Articles 2 and 5 Regulation (EC) No 1251/1999	Area payments including set-aside payments and including durum wheat supplement and special aid
Potato starch	Article 8(2) Regulation (EEC) No 1766/92	Payment
Cereals	Article 3 Regulation (EEC) No 3653/90 (as read together with Regulation (EEC) No 738/93)	Transitional measures governing common organisation of the market for cereals in Portugal
Olive oil	Article 5(1) Regulation 136/66/EEC	Production aid
Grain legumes	Article 1 Regulation (EC) No 1577/96	Area aid
Flax	Article 4 Regulation (EEC) No 1308/70	Area aid (the portion paid to farmers)
Hemp	Article 4 Regulation (EEC) No 1308/70	Area aid
Silkworms	Article 2 Regulation (EEC) No 845/72	Aid to encourage rearing
Bananas	Article 12 Regulation (EEC) No 404/93	Production aid
Dried grapes	Article 7(1) Regulation (EC) No 2201/96	Area aid
Tobacco	Article 3 Regulation (EEC) No 2075/92	Production aid
Seeds	Article 3 Regulation (EEC) No 2358/71	Production aid
Hops	Article 12 Regulation (EEC) No 1696/71  Regulation (EC) No 1098/98	Area aid  Payments for temporary resting only
Rice	Article 6 Regulation (EC) No 3072/95	Area aid
Beef and veal	Articles 4, 5, 6 and 10, 11, 13 Regulation (EC) No 1254/1999	Special premium, deseasonalisation premium, suckler cow premium (including when paid for heifers and including the additional national suckler cow premium when co-financed), slaughter premium, extensification payment, additional payments
Milk and dairy products	Articles 16 and 17 Regulation (EC) No 1256/1999	Dairy premium and additional payments
Sheep and goats	Article 5 Regulation (EC) No 2467/98	Ewe and she-goat premium and LFA supplements
Agri-money	Articles 4 and 5 of Regulation (EC) No 2799/98 Articles 2 and 3 of Regulation (EC) No 2800/98	Payments to producers (including those under the transitional Regulation)

Sector	Legal base	Notes
Poseidom	Articles 5, 13(1), 17 Regulation (EEC) No 3763/91	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; sugar
Poseima	Articles 11, 14 & 24, 16 & 27, 17 & 25(1), 22 & 29, 30 Regulation (EEC) No 1600/92	Sectors: development of fruit, vegetables, plants and flowers; beef and veal and milk; potatoes and endives; sugar; wine; pineapples
Poseican	Articles 10, 13, 15, 19, 20, 24 Regulation (EEC) No 1601/92	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; sheep and goats; wine; potatoes; honey
Aegean Islands	Articles 6, 7, 8, 9, 11, 12 Regulation (EEC) No 2019/93	Sectors: beef and veal; development of fruit, vegetables, plants and flowers; potatoes; wine; olives; honey