

Date: Wednesday 1 May 2002

REPORT OF THE MINISTER FOR RURAL AFFAIRS

Bovine TB – Powers of the Assembly Government

1. Further to our discussion at the last Committee meeting and in order to inform any legal advise that the Committee itself may have sought, the following is my assessment of the extent to which legal powers in respect of controlling bovine TB has been transferred to the National Assembly.

2. I can confirm that powers to control TB under the 1981 Animal Health Act are devolved to the National Assembly. These include powers to pay compensation on animals culled as a consequence of the disease. They also include authorising veterinary inspectors and other officers to enter onto land or enter premises to apply tests and take samples. In practice, these functions are discharged via the State Veterinary Service (SVS) in Wales under the terms of the Concordat agreed with DEFRA. It would be within the devolved powers of the Welsh Assembly Government to fund the SVS to undertake activities beyond those for which it is resourced by DEFRA, though this would depend on practicalities.

3. On TB, these practicalities would relate to:

- Questions of policy and effectiveness including the outcome of the Krebs Trials and other options to control the disease pending these results.
- The availability of adequate numbers of staff – both veterinary and administrative - and the practicality of recruitment. This applies equally to ‘Private Practitioners’ who carry out the testing on behalf of the Assembly Government / DEFRA.
- The capacity of laboratories to deal with the number of confirmatory tests (under a contract between DEFRA and the laboratories themselves).
- Progress with the UK research programme.

4. In Wales, as elsewhere in GB, there has been a rise in the number of cases of TB and the following measures have already been put in place to minimise further spread of the disease:

- Extra temporary veterinary inspectors have been employed and existing staff redeployed onto addressing the backlog of testing.
- Movement restrictions have been placed on herds that have missed either their 6 or 12 month check tests pending completion of tests with negative results.
- The backlog of TB tests that arose as a direct result of the Foot and Mouth outbreak is being prioritised.

Bovine TB – Denbighshire incident

5. The recent incident in North Wales is regrettable but was not unexpected in the wake of FMD and is not being taken lightly. Media depiction of the disease as a successor to FMD is inaccurate and misleading. TB is an endemic, chronic disease of cattle which spreads relatively slowly through direct contact between infected animals. By comparison FMD is a virulent disease which spreads very rapidly in a variety of ways. TB imposes significant restrictions on operations of individual farms which can last for some time; with FMD, restocking can be completed much more speedily and the farm returned to normal operation.

6. Incidents of TB do not require responses similar to FMD. There is no need to close the countryside to other users; there is little impact on other industries and there are none of the disposal problems associated with FMD.

7. There has been a significant rise in incidence and the number of reactors disclosed in Wales, together with a spread into previously unaffected areas. This is being investigated by the State Veterinary Service in Wales. It is too early to say what factors led to this. However, we have increased the number of herds tested by 20% over the 2000 level and are targeting the herds considered to be at high risk of developing the disease.

8. On the Denbigh farm in question, agreement has been reached with the farmer concerned on a phased slaughter programme and investigations are continuing to trace all movements on to the farm since two months before the date of the last clear test. The Welsh Assembly Government will be fully compensating the farmer.

9. Inter-departmental discussions are already underway and I have undertaken to report back to Committee in May with measures to address current problems pending completion of the Krebs trials.

Antur Cig Cymru

10. Committee Members discussed the responses to consultation and the proposals for further discussions between Welsh Lamb and Beef Promotions, the Meat and Livestock Commission and the WDA Food Directorate at their meeting on 17 April. The first meeting between the three organisations, chaired by the Assembly Government, took place on 24 April and further meetings to discuss the proposals in detail have been arranged for early May. All parties have agreed that discussion should take place on a confidential basis. I will make a further report to the Committee once a conclusion has been reached.

Small Farmers' Scheme

11. I agree to provide further details on the EU Small Farmers' Scheme at the last meeting. Details of the scheme are at Annex 1.

Farming Connect

12. At the last Committee meeting, I agreed to provide information on the following three issues relating to the Farming Connect initiative:

- **Average cost of farm consultant visits**

Farming Connect consultants are paid a fixed fee of £1050 for producing a Farm Business Development Plan (FBDP). This was designed to take them three days giving a daily rate of £350. In practice, it often takes four days to complete a plan, so that the effective daily rate falls to £262.50. In private practice, consultants can earn £450 per day and this is resulting in some consultants reducing the amount of time they devote to Farming Connect. There is therefore no case for saying that consultants are being paid too much for delivering FBDPs.

- **Partnerships where Young Farmer is working off-farm**

Where the farm business applying for Farm Improvement Grant (FIG) or Farm Enterprise Grant (FEG) has partners, and at least one meets the definition of a Young Farmer (ie aged between 18 and 40 years), (s)he must be "actively involved in the agricultural part of the business". For grant purposes, this is interpreted as a Young Farmer who devotes 275 hours per annum, or about 5 hours per week (ie 1/8 of a standard labour unit or half of the 550 hours per annum minimum required to be eligible for Farming Connect) working in the agricultural side of the business. This does not preclude the Young Farmer working off-farm, either full- or part-time, and would not preclude the example given of a Young Farmer who undertakes milking duties each morning before leaving to work off-farm.

- **Using Farm Enterprise Grant (FEG) to compensate for lower rates of Processing and Marketing Grant (PMG) in East Wales**

The difference between the PMG scheme rates for the Objective One area and elsewhere recognises that West Wales and the Valleys are areas of special need which require additional support. PMG and FEG are funded out of different financial priorities in the Rural Development Plan and are covered by different Articles within the Regulations (1257/99). The two separate grant schemes support activities which can complement each other but cannot be used to top-up lower rates of grant outside the Objective One area.

Forestry Ministers' Meeting

13. On 6 March I attended a meeting in London of Forestry Ministers. The meeting was chaired by Elliot Morley and attended by Allan Wilson MSP as well as senior representatives of the Forestry

Commission. The following topics were discussed:

- International Forestry Issues, including the recent UN Forum on Forests conference in New York and the preparations for the forthcoming World Summit on Sustainable Development 2002 in Johannesburg, as they affect UK forestry.
- We were briefed on the current state of the Forestry Devolution Review, which is shortly finishing its consultation period.
- The future shape of the Forestry Commission estate was also discussed briefly although, as this is a devolved matter, any further consideration of management of the woodlands and forests in Wales is a matter for the Assembly and not for decisions of any GB body.
- Finally, we discussed the first stage recommendations of the quinquennial review of the Forest Research Agency. We concluded that the Agency should remain a GB Agency, but with greater involvement by individual countries in the research commissioning process.

Forestry Commissioners Dinner

14. On 13 March, I attended a dinner with the Forestry Commission's Chairman and Forestry Commissioners in Cardiff, which was also attended by the First Minister. The main theme of the discussion after dinner was the barriers that exist to greater community engagement in the management and use of our public forests and woodlands. The discussion was led by Professor Terry Marsden of Cardiff University Planning Department.

Shotton Papermill

15. A meeting was held on 19th March attended by representatives from the WDA, Welsh Assembly Government, Forestry Commission and Forest Enterprise Wales. The purpose of calling the meeting was to consider the implications to the forestry sector of the decision by UPM, the multi-national company which operates the pulp and paper mill at Shotton on Deeside, to move to the use of 100% recycled fibre by the end of 2003. The meeting also started to explore alternative markets for the roundwood and sawmill co-products which currently form most of the feedstock for this papermill and the needs for market support.

16. Potential alternative markets for this material include:

- Renewable energy generation;
- Local added value processing; and
- Export.

17. Woodfuel energy is the most likely bulk market for this material, although in its infancy in Wales and in need of market support. The working group looking at the development opportunities of woodland and biomass for the Assembly Government is due to report to this Committee in May, at which stage we will have a clearer indication of the issues relating to woodfuel and any necessary

support mechanisms. The changes proposed at Shotton should be viewed as a real opportunity to develop renewable energy projects in Wales using Objective 1 funding and supporting integrated rural development.

Annex 1

EU SMALL FARMERS SCHEME: SIMPLIFIED PAYMENT REGIME

The June 2001 EU Agriculture Council approved the principles of a simplified payment scheme for farmers where average annual direct subsidies received were below a maximum threshold (set at €1250 (£775)). This was given effect by Council Regulation (EC) 1244/2001 (Appendix 1). The detailed rules on implementation are contained in Commission Regulation (EC) 1/2002 that came into effect on 1 January 2002 (Appendix 2).

Application of the simplified payment regime is discretionary at Member State level and participation by eligible farmers is voluntary. The Regulations allow the Member State to operate the scheme on a regional basis.

The simplified scheme is a pilot that runs from 2002 to 2005. Eligible farmers would receive a single annual payment in place of payments under a range of direct aid schemes eg Arable Area Payment, Sheep Annual Premium, Suckler Cow Premium, Beef Special Premium and Extensification Payments. The intention of the simplification is to reduce the administrative burdens on farmers, Member States and the Commission.

To qualify:

- Farmers must have received direct aid under one or more of the main arable, beef or sheep schemes in each of the three previous years prior to application;
- Farmers would receive an annual single payment. This would be equal to either the greater of their receipts in the previous year or the average over three years subject to a maximum payment of €1250. Farmers would not be able to claim direct aid but would be eligible for other payments such as Tir Mynydd, other Rural Development Plan measures and Beef Slaughter Premium.
- Farmers would have to keep their land in good agriculture condition but would not be tied to any particular farming enterprise.

The single payment would be made after 1 November, in the year applicable, and no later than 30 June in the following year.

Although the principle underlying the scheme is simplification, the Commission implementing rules are complex (see Articles 2-14 of Regulation (EC) 1/2002). Land and livestock quotas corresponding to historic claims of individual farmers have to be "frozen" and are not available to other producers. Each farmer with potential eligibility for participation has to be identified and invited to enter the simplified payment scheme. It is estimated that some 4,000 farmers in Wales would be eligible. Farmer participation is voluntary and an individual can elect to come out of the scheme in the following year.

Officials from the 4 Agriculture Departments are in discussion with the Rural Payments Agency about the detailed introduction of the simplified scheme (the application process, supporting IT systems for data capture and monitoring on entitlement, as well as audit and inspection).

Industry interests in Wales have been consulted (April – June 2002) about the principles of the simplified payment scheme and broadly welcomed the proposals. Further consultation will be necessary on the detailed operation of the scheme.

APPENDIX 1

EN Official Journal of the European Communities 27.6.2001 L 173/1

I

(Acts whose publication is obligatory)

COUNCIL REGULATION (EC)No 1244/2001

of 19 June 2001

amending Regulation (EC)No 1259/1999 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 (1),

Having regard to the opinion of the European Parliament (2),

Whereas:

1. For direct payments under the various income support schemes in the common agricultural policy, statistics show that a high number of farmers receive very small amounts. The aid schemes make no distinction between farmers receiving small amounts and those receiving larger amounts, the eligibility conditions and administrative and control provisions being the same.
2. Setting up a simplified aid scheme for farmers receiving small amounts can contribute to reducing the administrative burden at the level of farmers, national administrations and the Commission. It is

appropriate to test the efficiency of such a scheme for a trial period. Farmers entitled to small amounts or willing to accept a smaller amount of aid should receive, during a minimum period, one global payment per year, under simplified conditions. Due to its temporary nature, participation in the scheme should be on a voluntary basis both for Member States and farmers in the Member States that decide to apply the scheme.

3. In order to simplify administrative procedures, Member States should be allowed to make single combined payments to participating farmers, covering the aids granted under this simplified scheme and those granted under other support schemes.
4. Without prejudice to the existing common rules for direct support schemes established by Regulation (EC)No 1259/1999 (3), taking into account that the scheme is on a trial basis, it is appropriate to provide the Commission with the necessary flexibility to implement the scheme. To achieve the aim of simplification, it may moreover be necessary to derogate, in certain well defined and justified cases, from the existing rules provided for in the relevant Regulations concerning the support aids as well as Council Regulation (EEC)No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes (4).
5. Regulation (EC)No 1259/1999 establishes common rules for direct support schemes under the common agricultural policy. It is therefore appropriate to amend it to include this simplified scheme.

(1) OJ C 120E, 24.4.2001, p.146.

(2) Opinion delivered 14 June 2001 (not yet published in the Official Journal).

(3) OJ L 160, 26.6.1999, p.113.

(4) 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). EN Official Journal of the European Communities 27.6.2001 L 173/2

6. The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission (1),

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC)No 1259/1999 is hereby amended as follows:

1. The following Article shall be inserted:

‘Article 2a

1. For the calendar years 2002 to 2005 a simplified scheme shall be established under which Member States may decide that the payments under the following support schemes are made under the conditions laid down in this Article and the rules adopted for its implementation:

—arable crops area payments including grass silage payment, supplementary amounts, set-aside payments, durum wheat supplement and special aid, as provided for in Articles 2, 4 and 5 of Regulation (EC) No 1251/1999 (*),

—grain legumes area aid as provided for in Article 1 of Regulation (EC) No 1577/96 (**),

—rice area aid as provided for in Article 6 of Regulation (EC) No 3072/95 (***),

—special premium, suckler cow premium, including when paid for heifers and including the additional national suckler cow premium when co-financed, extensification payments as well as additional payments, when paid in addition to aid provided for under this indent as provided for in Articles 4, 6, 10, 13 and 14 of Regulation (EC) No 1254/1999 (****),

—ewe and she-goat premium and LFA supplements as provided for in Article 5 of Regulation (EC) No 2467/98 (*****).

The Regulations mentioned in the first subparagraph are hereinafter referred to as "the relevant regulations".

2. Participation in the simplified scheme shall be on a voluntary basis. Applicants shall have access to the scheme if they have received aid under at least one of the support schemes covered by it during each of the three calendar years preceding the year of application. Farmers receiving early retirement aid under Regulation (EC) No 1257/1999 may not participate in the scheme.

3. The amount which a farmer may receive under the scheme shall be the highest of:

(a) the average of the amounts granted under the relevant regulations during the three calendar years preceding the year of application,

(b) the total amount granted under the relevant regulations in the calendar year preceding the year of application.

Area aids for flax and hemp, provided for in Article 4 of Regulation (EEC) No 1308/70 (*****) shall be included in the calculation.

In case of application of Article 4 of this Regulation during the reference periods referred to in points (a) and (b), the amounts referred to in the said points (a) and (b) shall be calculated as the amounts that would have been granted before application of Article 4.

4. The amount referred to in paragraph 3 shall be no more than EUR 1 250.

However, applicants who would be entitled to receive higher amounts under the relevant regulations may choose to enter the simplified scheme if they agree to receive no more than the maximum amount without prejudice to paragraph 5.

Aid under the simplified scheme shall be paid once a year, starting from the year in which application for participation in the scheme is made, until 2005.

5. Member States may decide to apply Article 4 to the simplified scheme.

6. Applicants will undertake to maintain the land in good agricultural condition. They may use the land for any agricultural purpose except for the production of hemp falling within CN Code 5302 10 00.

Member States shall define good agricultural conditions taking into account notably, the measures they have taken in the application of this Regulation and Article 19(4) of Regulation (EC) No 2316/1999 (*****).

7. Member States may decide to implement the simplified scheme at national or regional level and to combine the date of payments under the Simplified Scheme with the date of payment under any other support scheme.

(*) Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops (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).

(**) Council Regulation (EC) No 1577/96 of 30 July 1996 introducing a specific measure in respect of certain grain legumes (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)

(***) Council Regulation (EC) No 3072/95 of 22 December 1995 on the common organisation of the market in rice (OJ L 329, 30.12.1995, p.18). Regulation as last amended by Regulation (EC) No 1667/2000 (OJ L 193, 29.7.2000, p.3).

(****) Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal (OJ L 160, 26.6.1999, p.21).

(*****)Council Regulation (EC)No 2467/98 of 3 November 1998 on the common organisation of the market in sheepmeat and goatmeat (OJ L 312,20.11.1998,p.1).Regulation as last amended by Regulation (EC)No 1669/2000 (OJ L 193,29.7.2000,p.8).

(*****)Regulation (EEC)No 1308/70 of the Council of 29 June 1970 on the common organisation of the market in flax and hemp (OJ L 146,4.7.1970,p.1).Regulation as last amended by Regulation (EC)No 2826/2000 (OJ L 328,23.12.2000,p.2).

(*****)Commission Regulation (EC)No 2316/1999 of 22 October 1999 laying down detailed rules for the application of Council Regulation (EC)No 1251/1999 establishing a support system for producers of certain arable crops (OJ L 280,30.10.1999,p.43).Regulation as last amended by Regulation (EC)No 946/2001 (OJ L 133,16.5.2001,p.8).’;

2.Article 11 shall be replaced by the following:

‘Article 11

Detailed rules

1.The Commission shall be assisted by the Management Committee for cereals set up by Article 23 of Regulation (EC)No 1766/92 (*)or,where appropriate,by other relevant management committees.

2.Where reference is made to this paragraph,Articles 4 and 7 of Decision 1999/468/EC shall apply.

3.The period provided for in Article 4(3)of Decision 1999/468/EC shall be set at one month.

4.In accordance with paragraph 2,the Commission shall adopt:

—detailed rules for the application of Article 2a including any derogation from the relevant regulations and Regulation (EEC)No 3508/92 (**),which are necessary to achieve the aim of simplification, notably those related to eligibility conditions, dates of application and payment and control provisions as well as detailed rules in order

to avoid double claims in respect of the area and production covered by the simplified scheme,. EN Official Journal of the European Communities 27.6.2001 L 173/4

—amendments to the Annex as may become necessary taking into account the criteria set out in Article 1, and

—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.

(*)Council Regulation (EEC)No 1766/92 of 30 June 1992 on the common organisation of the market in cereals (OJ L 181,1.7.1992,p.21).Regulation as last amended by Regulation (EC) No 1666/2000 (OJ L 193,29.7.2000,p.1).

(**)Council Regulation (EEC)No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes (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).'

Article 2

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

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

Done at Luxembourg,19 June 2001.

For the Council

The President

M.WINBERG

32002R0001

Commission Regulation (EC) No 1/2002 of 28 December 2001 laying down detailed rules for the application of Council Regulation (EC) No 1259/1999 as regards the simplified scheme for payments to farmers under certain support schemes

Official Journal L 001 , 03/01/2002 P. 0001 - 0008

Commission Regulation (EC) No 1/2002 of 28 December 2001

laying down detailed rules for the application of Council Regulation (EC) No 1259/1999 as regards the simplified scheme for payments to farmers under certain support schemes

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1259/1999 of 17 May 1999 establishing common rules for direct support schemes under the common agricultural policy(1), as amended by Regulation (EC) No 1244/2001(2), and in particular Article 11(4) thereof,

Whereas:

(1) Article 2a of Regulation (EC) No 1259/1999 provides for a simplified scheme for the payments to be made under certain support schemes. In order to achieve the aim of simplification pursued by that scheme, it is necessary to simplify the way in which the aids concerned are granted by derogating from certain provisions of the Regulations referred to in that Article, as well as from the Regulations adopted for their implementation, in particular as regards eligibility conditions, dates of application and payments and control provisions.

(2) In the interest of simplification the farmers should receive, upon request, an application form filled in by the national administration. This single application should replace the existing separate applications for the aids concerned, combining area and livestock aids. Acceptance of the application should guarantee payment to the farmer of a fixed amount, without any further application during the entire period of participation. For reasons of clarity, it is appropriate to specify the payments that will be included in the calculation of the amount to be granted under the simplified scheme and the exchange rate applicable to those Member States which have not adopted the euro.

(3) Specific rules should be established in order to make the control procedures as simple as possible without increasing the risk of double claims. For this purpose, it is appropriate to provide for a temporary blocking of the areas or number of premium rights corresponding to the amount to be granted under the simplified scheme, in the sense that the area and/or livestock premium rights in respect of which a simplified aid application has been submitted should be subject to certain conditions, and to provide for specific rules for calculating the number of hectares and livestock premium rights in respect of the reference period and the maximum amount to be taken into consideration. The parcels and premium rights corresponding to the amount to be granted under the simplified scheme should be the subject of a declaration that remains valid throughout

the period of participation in the simplified scheme. In the case of aid for processing the straw of flax grown for fibre provided for in Article 2 of Council Regulation (EC) No 1673/2000 of 27 July 2000 on the common organisation of the markets in flax and hemp grown for fibre(3), this declaration should replace the yearly "area" aid application provided for in Article 7(1) of Commission Regulation (EC) No 245/2001 of 5 February 2001 laying down detailed rules for the application of Council Regulation (EC) No 1673/2000 on the common organisation of the markets in flax and hemp grown for fibre(4), as amended by Regulation (EC) No 1093/2001(5).

(4) Although farmers should be required to retain a minimum area or number of premium rights, they should be able to dispose of the area or premium rights not covered by the amount to be granted under the simplified scheme. In duly justified cases, such as expiry of lease, restructuring programmes or public intervention, Member States should be able to permit farmers to replace the declared parcels with equivalent ones. In order to ensure budget neutrality, the eligibility conditions applicable to the areas which have received aids covered by the simplified scheme should continue to apply to the corresponding areas to be blocked in order to receive the simplified scheme aid.

(5) As far as extensification payments are concerned, areas corresponding to the extensification payment part of the amount to be granted under the simplified scheme should be blocked as in the case of areas corresponding to area aid. If a farmer keeps animals, in order to ensure compliance with the provisions on extensive types of production, certain stocking density rules should continue to apply to such areas. However, it is appropriate to ensure a certain flexibility allowing the farmer to undertake to abide by certain conditions on the number of animals to be held, as a maximum, throughout the period of participation in the simplified scheme.

(6) If the farmer does not have parcels or premium rights to be blocked corresponding to the number of hectares or livestock notified by the competent authority, taking into account the investment that is necessary to buy or rent a parcel or a right to premium, Member States should be able to accept a declaration of an area or of a number of premium rights which does not correspond to the number of hectares or livestock premium rights notified. In this case, the amount to be granted under the simplified scheme should be reduced pro rata.

(7) Regulation (EC) No 1259/1999 provides that the implementing rules for the simplified scheme are also to include detailed rules in order to avoid double claims in respect of the area and production covered by the simplified scheme. Therefore, farmers who receive aid under the simplified scheme should be prevented from receiving other direct aids in respect of the same calendar year. There should be a derogation for cases in which the relevant regulations allow cumulation of aids.

(8) Budget neutrality requires that the areas and number of premium rights used to establish the entitlement to participation in the simplified scheme and which have been blocked are taken into account in the calculation of the overshoot of the base areas or ceilings concerned by reducing the relevant corresponding base areas or livestock premium ceilings. However, since farmers participating in the simplified scheme have no obligation to produce a specific crop or to keep animals in order to be entitled to the aid, the proportional reduction to be applied in the case of overshoot of the area or ceilings should not be applied to their area or rights.

(9) In order to protect the financial interests of the Community, it is appropriate to provide for a system of sanctions in the event of non-compliance with this Regulation. For this purpose, it is

appropriate to refer to the rules provided for in Commission Regulation (EC) No 2419/2001 of 11 December 2001 laying down detailed rules for applying the integrated administration and control system for certain Community aid schemes established by Council Regulation (EEC) No 3508/92 (6), as amended by Regulation (EC) No 2550/2001(7).

(10) In order to simplify the burden of controls, participants in the simplified scheme should form a separate population for the purposes of control sampling as provided for in Regulation (EC) No 2419/2001 and a reduced rate of control to should be established.

(11) In order for the Commission to be informed in detail of the measures taken by Member States to implement Regulation (EC) No 1259/1999, pursuant to Article 9 thereof, rules concerning the content and timing of communications with regard to the simplified scheme should be adopted, taking into account the timetable for the establishment of the Community budget and on the basis of existing formats as far as the contents are concerned.

(12) The relevant management committees have not delivered opinions within the time limits set laid down by their chairmen,

HAS ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

1. This Regulation lays down detailed rules for the implementation of the simplified scheme for payments to be made under certain support schemes provided for in Article 2a of Regulation (EC) No 1259/1999 (hereinafter "the simplified scheme").

2. By way of derogation from the provisions listed in the Annex, farmers may receive payments as provided for in Article 2a(1) of Regulation (EC) No 1259/1999 under the conditions set out in this Regulation.

The rules contained in the Regulations implementing the provisions referred to in the Annex shall continue to apply to the extent that this Regulation does not contain special rules.

Article 2

Application

1. The competent authority shall send an application form (hereinafter "a simplified aid application") to farmers, who have expressed a wish to apply for aid under the simplified scheme, indicating:

(a) the amount to which the farmer is entitled according to Article 2a(3) and (4) of Regulation (EC) No 1259/1999 (hereinafter "the amount to be granted under the simplified scheme");

(b) the number of hectares and/or livestock premium rights, to be blocked in the sense of Article 8 (1) of this Regulation during the participation in the simplified scheme, and/or animals as established in accordance with Article 4 and Article 12(3);

(c) the prohibition on transfer provided for in Article 5.

For Member States that have not adopted the euro the amount to be granted under the simplified scheme shall be converted into their national currency using the exchange rate applicable on 1 January of each calendar year in respect of which the amount is granted.

2. The simplified aid application, duly approved and signed without reservation by the farmer, accompanied, where appropriate, by the declarations provided for in Articles 11(1) and 12(1),

shall be submitted to the competent authority by a date to be fixed by the Member State concerned which shall not be later than 1st September.

In case of late submission of the application within the meaning of Article 13 of Regulation (EC) No 2419/2001, the reduction provided for in the first subparagraph of Article 13(1) of that Regulation shall only apply to the amount payable for the first year of participation in the simplified scheme.

A simplified aid application shall be treated as an aid application within the meaning of Article 2 (i) and (j) of Regulation (EC) No 2419/2001.

Article 3

Calculation of the amount

1. The amount a farmer may receive under the simplified scheme shall include all amounts, which have been granted, in respect of the reference periods referred to in points (a) and (b) of the first subparagraph of Article 2a(3) of Regulation (EC) No 1259/1999, up to a date to be fixed by Member States, which shall not be later than 30 June of the year in which the farmer applies to participate in the simplified scheme.

2. In case of application of Article 3(2) of Regulation (EC) No 1259/1999 during the reference periods, the amounts shall be calculated as the amounts that would have been granted before application of that provision.

3. For the calendar year 2002, the following payments shall be included in respect of the calendar year 1999:

(a) arable crops area payments including set-aside payments, durum wheat supplement and special aid, as provided for in Articles 2, 4, 5, 6, 6a, and 7, and first subparagraph of the eleventh indent of Article 12 of Council Regulation (EEC) No 1765/92(8),

(b) special premium, suckler cow premium, including when paid for heifers and including the additional national suckler cow premium when co-financed and extensification payment, as provided for in Article 4b, 4d, and 4h of Council Regulation (EEC) No 805/1968(9).

4. Area aid amounts and livestock premium amounts shall be calculated separately. The two kinds of aids are hereafter referred to, respectively, as "the area aid part", and "the livestock premium part" of the amount to be granted under the simplified scheme.

Article 4

Establishment of the number of hectares and/or premium rights

1. Where a farmer has received area aids, the competent authority shall inform him of the number of hectares, to two decimal places, corresponding to each different type of area aid included in the amount to be granted under the simplified scheme.

In the case of arable crops payments, the number of hectares shall be calculated separately for each crop for which a base area is established by Member States according to Articles 3 and/or 5 of Council Regulation (EC) No 1251/1999(10).

2. Where a farmer has received extensification payment, the competent authority shall inform him of the number of hectares, to two decimal places, corresponding to the extensification payment part of the notified amount to be granted under the simplified scheme and the number of animals as established in accordance with Article 12(3) of this Regulation.

3. Where a farmer has received livestock premiums, the competent authority shall inform him of the number of premium rights, corresponding to the livestock premium part of the amount to be granted under the simplified scheme.

For bovine animals, this number shall be to one decimal place. For sheep and goats, Article 14 of Commission Regulation (EEC) No 3567/92(11) shall apply.

4. The number of hectares and livestock premium rights referred to in paragraphs 1, 2 and 3 of this Article shall be calculated on the basis of:

(a) the average number of hectares and/or livestock premium rights for which aid was granted during the three calendar years preceding the year of application, where point (a) of the first subparagraph of Article 2a(3) of Regulation (EC) No 1259/1999 applies,

(b) the number of hectares and/or livestock premium rights for which aid was granted in the calendar year preceding the year of application, where point (b) of the first subparagraph of Article 2a(3) of Regulation (EC) No 1259/1999 applies.

5. A farmer who does not have at his disposal parcels and/or the number of premium rights corresponding to the number of hectares or livestock premium rights calculated in accordance with paragraph 4 may be authorised by the Member State concerned to declare an area corresponding to the parcels at his disposal and/or declare the number of premium rights at his disposal.

In this case, the amount to be granted under the simplified scheme shall be calculated on the basis of the area and/or livestock premium rights referred to in the first subparagraph. In no case may this amount exceed the amount calculated according to Article 3.

6. If the second subparagraph of Article 2a(4) of Regulation (EC) No 1259/1999 applies, the number of hectares and/or livestock premium rights established in accordance with paragraph 4 of this Article shall be reduced pro rata in order to correspond to the maximum amount of EUR 1250. The reduction shall, at the farmer's choice, be applied first to the area aid part and then to the livestock premium part of the amount to be granted under the simplified scheme, or first to the livestock premium part and then to the area aid part.

Article 5

Prohibition on transfer

Except in case of inheritance, the farmer shall not transfer by any means whether totally, partially, temporarily, with or without transfer of the holding, the parcels and/or the number of premium rights corresponding to the number of hectares and/or livestock premium rights established in accordance with Article 4.

Article 6

Payment

Payment shall be made after 1 November of each calendar year concerned and by 30 June of the following year at the latest.

Article 7

Withdrawal

1. A farmer may at any time declare his intention to withdraw from the simplified scheme. However, the withdrawal shall take effect from 1 January of the calendar year following the year

in which he declares his intention to withdraw.

The farmer may not submit a new application for the simplified scheme.

2. Where Article 15(4) applies, the farmer shall not be entitled to withdraw from the simplified scheme for the following calendar year.

3. If the farmer dies after he has submitted an application under the simplified scheme, his successors shall be entitled to the amount to which the farmer would have been entitled under the simplified scheme provided that they meet the conditions to participate in the simplified scheme. If they do not meet those conditions, they shall be entitled to the amount to which the farmer would have been entitled under the simplified scheme only for the calendar year of the farmer's death.

Article 8

Double claims

1. An area or production in respect of which a simplified aid application is submitted may not be the subject of an application for other direct aid listed in the Annex to Regulation (EC) No 1259/1999.

2. Paragraph 1 shall not apply to the following:

(a) transitional measures for cereals in Portugal as provided for in Council Regulation (EEC) No 3653/90(12);

(b) payments to producers as provided for in Articles 4 and 5 of Council Regulation (EC) No 2799/98(13) and in Articles 2 and 3 of Council Regulation (EC) No 2800/98(14);

(c) seeds production aid for arable crops and rice as provided for in Article 3 of Council Regulation (EEC) No 2358/71(15);

(d) deseasonalisation premium and slaughter premium as provided for in Articles 5 and 11 of Council Regulation (EC) No 1254/1999(16);

(e) dairy premium and additional payment as provided for in Articles 16 and 17 of Council Regulation (EC) No 1255/1999(17);

(f) aids for the outermost regions as provided for in Articles 9, 12(1) and 16 of Council Regulation (EC) No 1452/2001(18), Articles 9, 13, 16, 17, 22, 27, 28(1), and 30 of Council Regulation (EC) No 1453/2001(19) and Articles 5, 6, 9, 13, 14, and 17 of Council Regulation (EEC) No 1454/2001(20);

(g) aids for the Aegean Islands as provided for in Articles 6, 7, 8, 9, 11 and 12 of Council Regulation (EEC) No 2019/93(21).

Article 9

Compatible applications

1. A farmer who has applied for aids listed in the Annex to Regulation (EC) No 1259/1999 for which the time-limit for applications is fixed at a date falling before the time-limit fixed by the Member State concerned for applications under the simplified scheme may participate in the simplified scheme on condition that he withdraws his applications for those aids and forgoes the relevant payments.

2. Paragraph 1 shall not apply to farmers who have been controlled pursuant to Regulation (EC) No 2419/2001 and have been informed that irregularities in relation to the aid application have been found.

Article 10

Flax for fibre aid

Where a farmer participating in the simplified scheme has concluded a contract in order to obtain an aid for processing the straw of flax grown for fibre as provided for in Article 2 of Regulation (EC) No 1673/2000, by way of derogation from Article 7(1) of Regulation (EC) No 245/2001, the "area" aid application covering parcels under flax grown for fibre shall be replaced, for the entire period of participation in the simplified scheme, by the declaration referred to in Article 11(1) of this Regulation, without prejudice to Article 5(1)(c) of Regulation (EC) No 245/2001.

Article 11

Area declarations

- 1. A farmer who has received area aids and/or extensification payment shall declare, in accordance with Article 6(6) of Council Regulation (EEC) No 3508/92(22), agricultural parcels, including areas under forage crops, or agricultural parcels covered by set-aside measures, corresponding to the number of hectares of the area or areas to be blocked of which he has been notified by the competent authority in accordance with Article 2(1)(b) of this Regulation.**
- 2. The parcels declared in accordance with paragraph 1 corresponding to the number of hectares of the area aid part of the notified amount to be granted under the simplified scheme and relating to arable crops payments shall must meet the conditions for eligibility laid down in Article 7 of Regulation (EC) No 1251/1999.**
- 3. The parcels declared in accordance with paragraph 1 corresponding to the extensification aid part of the amount to be granted under the simplified scheme must respect Article 2a(6) of Regulation (EC) No 1259/1999.**
- 4. The declaration referred to in paragraph 1 shall remain valid until the end of 2005, except in the case of explicit withdrawal from the simplified scheme by the farmer or loss of entitlement under the simplified scheme pursuant to Article 7(3).**
- 5. Member States may, in duly justified circumstances, authorise the farmer to modify his declaration on condition that he respects the number of hectares notified, the conditions for eligibility for the area concerned, laid down in Article 7 of Regulation (EC) No 1251/1999 and the yield of the area concerned or accepts the application of Article 4(5) of this Regulation.**

Article 12

Livestock premium declarations

- 1. A farmer who has received livestock premiums shall declare that, during his participation in the simplified scheme, he accepts a reduction, corresponding to the number of livestock premium rights to be blocked of which he has been notified by the competent authority in accordance with Article 2(1)(b) of this Regulation, of:**
 - (a) his individual premium rights as provided for in Article 6(1) of Council Regulation (EC) No 2467/98(23), and**
 - (b) his individual ceiling as referred to in Article 7(1) of Regulation (EC) No 1254/1999.**
- 2. Article 23 (2) of Commission Regulation (EC) No 2342/1999(24) and Article 6a(2) of Regulation (EEC) No 3567/92 shall not apply to the premium rights covered by the temporary reduction provided for in paragraph 1.**
- 3. A farmer who has received extensification payments shall undertake not to hold, on average**

during any calendar year, more bovine animals expressed in livestock units as provided for in Annex III of Regulation (EC) No 1254/1999 than either the average of those that have been taken into account for the calculation of stocking density, or, if higher, the number taken into account in the last year in which he qualified for the extensification payment.

For the purpose of the first subparagraph, the number of bovine animals shall be rounded up to the next whole number.

4. The declaration referred to in paragraph 1 shall remain valid until the end of 2005 except in the case of explicit withdrawal from the simplified scheme by the farmer or loss of entitlement under the simplified scheme pursuant to Article 7(3).

5. Member States may, in duly justified circumstances, authorise the farmer to modify his declaration on condition that he respects the number of premium rights notified, or he accepts the application of Article 4(5) of this Regulation.

Article 13

Base areas and ceilings

1. The proportional reduction in area aid referred to in Article 2(4) and Article 5 of Regulation (EC) No 1251/1999, Article 3(1) of Council Regulation (EC) No 1577/96(25) and Article 6(5) of Council Regulation (EC) No 3072/95(26) shall not apply to the areas referred to in Article 4(1) of this Regulation.

For the calculation of the overshoot of areas referred to in Article 2(4) and Article 5 of Regulation (EC) No 1251/1999, Article 3(1) of Regulation (EC) No 1577/96 and Article 6(5) of Regulation (EC) No 3072/95, these areas shall be reduced by the corresponding number of hectares of the areas referred to in Article 4(1) of this Regulation.

2. For the purposes of Article 3(7) of Regulation (EC) No 1251/1999, the yield of the areas referred to in Article 11(1) of this Regulation shall be the yield of the production regions to which the areas belong.

The proportional reduction in the area aid for the following marketing year provided for by Article 3(7) of Regulation (EC) No 1251/1999 shall not apply.

3. The proportional reduction in the number of eligible animals referred to in Article 4(4) and Article 10(1) of Regulation (EC) No 1254/1999 shall not apply.

For the calculation of the overshoot of ceilings referred to in Article 4(4), Article 7(2) and Article 10(1) of Regulation (EC) No 1254/1999, these ceilings shall be reduced by the corresponding number of animals per premium for which the farmer received livestock premiums in respect of the reference periods concerned.

Article 14

Controls

1. Simplified aid applications shall not be included in the control rates for on-the-spot checks for livestock aid and area aid applications provided for in Article 18(1) of Regulation (EC) No 2419/200.

2. For the first year of application of the simplified scheme, a minimum of 2 % of simplified aid applications shall be selected for on-the-spot checks.

For the following years, a minimum of 3 % of farmers having applied for or participating in the

simplified scheme shall be selected for on-the-spot checks.

3. Applicants who have been subject to an on-the-spot check in accordance with Article 19 of Regulation (EC) No 2419/2001 in the year in which they join the simplified scheme, shall be counted towards the simplified scheme sample.

Article 15

Reductions and exclusions

1. Except in cases of force majeure or exceptional circumstances as defined in Article 48 of Regulation (EC) No 2419/2001, where, as a result of an administrative or on-the-spot check, it is found that one or more of the area aid related conditions established by Member States in accordance with Article 2a(6) of Regulation (EC) No 1259/1999, as well as those set out in Article 5 and Article 11(1) of this Regulation are not respected and if the established difference between the area declared and the area determined, within the meaning of Article 2(r) of Regulation (EC) No 2419/2001, is more than 3 % but no more than 30 % of the area determined, the area aid part of the amount to be granted under the simplified scheme shall be reduced, for the calendar year in question, by twice the difference found.

If the difference is more than 30 % of the area determined, no area aid part shall be granted under the simplified scheme for the calendar year in question.

2. In cases where the conditions set out in Article 12(3) are not respected, the extensification payment part of the amount to be granted under the simplified scheme shall not be paid.

If the area declared, referred to in Article 4(2), exceeds the area determined by more than 10 %, the extensification payment part of the amount to be granted under the simplified scheme shall not be paid. Moreover, the amount to be granted under the simplified scheme shall be reduced by 50 % of the extensification payment part.

3. Where, as a result of an on-the-spot check, it is found that the obligations referred to in Article 5 of Regulation (EEC) No 3508/92 are not being complied with, Article 39 of Regulation (EC) No 2419/2001 shall apply to the livestock premium part of the amount to be granted under the simplified scheme for the year concerned.

4. Where it is found that the non-compliance with the conditions referred to in paragraph 1 is intentional, the same exclusions or level of reductions and exclusions, as calculated for the year in which the non-compliance took place shall be applied to the payment due for the following calendar year, without prejudice to any other exclusions or reductions incurred in that year.

5. The exclusions and reductions provided for in paragraphs 1 to 4 shall not apply where the farmer submitted factually correct information or where he can show otherwise that he is not at fault.

Article 16

Transmission of information to the Commission

1. Where Member States choose to implement the simplified scheme, they shall provide the Commission with details of the measures adopted to this end as well as a progress report on the implementation of the simplified scheme, including an assessment of its effects, by 31 December each year at the latest. The first report shall be submitted by 31 March 2003 at the latest.

2. Member States shall communicate each year a summary of the applications accepted under the

simplified scheme, not later than 15 September of the calendar year to which they refer, indicating the amounts established for these applications in accordance with Article 3 and the corresponding amounts granted under each of the support schemes covered by the relevant regulations. They shall also indicate the data communicated to farmers pursuant to Article 4(1), (2) and (3).

As regards the format for the communication of these data, Articles 6(5) of Commission Regulation (EC) No 613/97(27), Article 26 of Commission Regulation (EC) No 2316/1999(28) and Article 3 of Commission Regulation (EC) No 1644/96(29) shall apply *mutatis mutandis*.

3. Member States shall communicate each year the number of cases of withdrawal and the corresponding amount of annual support previously paid under the simplified scheme.

Article 17

Entry into force

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

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

Done at Brussels, 28 December 2001.

For the Commission

Franz Fischler

Member of the Commission

- (1) OJ L 160, 26.6.1999, p. 113.
- (2) OJ L 173, 27.6.2001, p. 1.
- (3) OJ L 193, 29.7.2000, p. 16.
- (4) OJ L 35, 6.2.2001, p. 18.
- (5) OJ L 150, 6.6.2001, p. 17.
- (6) OJ L 327, 12.12.2001, p. 11.
- (7) OJ L 341, 22.12.2001, p. 105.
- (8) OJ L 181, 1.7.1992, p. 12.
- (9) OJ L 148, 28.6.1968, p. 24.
- (10) OJ L 160, 26.6.1999, p. 1.
- (11) OJ L 362, 11.12.1992, p. 41.
- (12) OJ L 362, 27.12.1990, p. 28.
- (13) OJ L 349, 24.12.1998, p. 1.
- (14) OJ L 349, 24.12.1998, p. 8.
- (15) OJ L 246, 5.11.1971, p. 1.
- (16) OJ L 160, 26.6.1999, p. 21.
- (17) OJ L 160, 26.6.1999, p. 48.
- (18) OJ L 198, 21.7.2001, p. 11.
- (19) OJ L 198, 21.7.2001, p. 26.
- (20) OJ L 198, 21.7.2001, p. 45.
- (21) OJ L 184, 27.7.1993, p. 1.
- (22) OJ L 355, 5.12.1992, p. 1.

- (23) OJ L 312, 20.11.1998, p. 1.
- (24) OJ L 281, 4.11.1999, p. 30.
- (25) OJ L 206, 16.8.1996, p. 4.
- (26) OJ L 329, 30.12.1995, p. 18.
- (27) OJ L 94, 9.4.1997, p. 1.
- (28) OJ L 280, 30.10.1999, p. 43.
- (29) OJ L 207, 17.8.1996, p. 1.

ANNEX

- Article 2(1), (2), (3), (4), Article 3(7), Article 4(4), Article 5, Article 5a and Article 8(1), (2) of Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops, as last amended by Regulation (EC) No 1308/2001(1);
- Article 1, Article 2(2) and Article 3(1) of Council Regulation (EC) No 1577/96 of 30 July 1996 introducing a specific measure in respect of certain grain legumes, as last amended by Regulation (EC) No 811/2000(2);
- Article 6 of Council Regulation (EC) No 3072/95 of 22 December 1995 on the common organisation of the market in rice, as last amended by Regulation (EC) No 1987/2001(3);
- Articles 4, 6, 10, 13 and 14 of Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal, as last amended by Commission Regulation (EC) No 2345/2001(4);
- Article 5(1) to (6) of Council Regulation (EC) No 2467/98 of 3 November 1998 on the common organisation of the market in sheepmeat and goatmeat, as amended by Regulation (EC) No 1669/2000(5);
- Article 6(1), (2), (8) and (10) of Council Regulation (EEC) No 3508/92 of 27 November 1992 establishing an integrated administration and control system for certain Community aid schemes, as last amended by Commission Regulation (EC) No 495/2001(6).

- (1) OJ L 145, 31.5.2001, p. 16.
- (2) OJ L 100, 20.4.2000, p. 1.
- (3) OJ L 271, 12.10.2001, p. 5.
- (4) OJ L 315, 1.12.2001, p. 29.
- (5) OJ L 193, 29.7.2000, p. 8.
- (6) OJ L 72, 14.3.2001, p. 6.