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COUNCIL REGULATION (EC) No 1259/1999
of 17 May 1999
establishing common rules for direct support schemes under the common agricultural policy

(OJ L 160, 26.6.1999, p. 113)

Amended by:

		Official Journal		
		No	page	date
►**M1**	Council Regulation (EC) No 1244/2001 of 19 June 2001	L 173	1	27.6.2001

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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 [1],

Having regard to the opinion of the European Parliament [2],

Having regard to the opinion of the Economic and Social Committee [3],

Having regard to the opinion of the Committee of the Regions [4],

Having regard to the opinion of the Court of Auditors [5],

(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 [6];

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

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(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;

(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.

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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 ([1]),

— grain legumes area aid as provided for in Article 1 of Regulation (EC) No 1577/96 ([2]),

— rice area aid as provided for in Article 6 of Regulation (EC) No 3072/95 ([3]),

([1]) 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).

([2]) 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)

([3]) 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).

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— 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 ([1]),

— ewe and she-goat premium and LFA supplements as provided for in Article 5 of Regulation (EC) No 2467/98 ([2]).

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 ([3]) 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 ([4]).

([1]) 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).

([2]) 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).

([3]) 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).

([4]) 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).

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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.

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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

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(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

Nothwithstanding 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.

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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 ([1]) 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.

([1]) 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).

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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 [1], 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,

— 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.

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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.

[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).

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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	Area aid
	Regulation (EC) No 1098/98	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)
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

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Sector	Legal base	Notes
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