Summary of main changes introduced to the four basic regulations of the CAP through the Omnibus regulation

Rural Development

1. Several changes to the **risk management** tools:
   - Introduction of a sector-specific income stabilization tool covering drops in farmer's income exceeding at least 20%;
   - Eligibility of annual payments into mutual funds and their initial capital stock ;
   - Reduction of the threshold for insurances from 30% to 20% of the average annual production;
   - Increase of the support rate from 65% to 70%;
   - Extended possibilities to use indexes.

2. A number of changes to facilitate the uptake of **financial instruments**
   - Removal of certain eligibility rules when support is provided through financial instruments;
   - Working capital becomes eligible provided it does not exceed €200.000 or 30% of the total eligible expenditure;
   - Introduction of a 100% contribution rate for financial instruments implemented through EFSI;

3. Several other punctual changes reducing the administrative burden of implementation, including relating to **selection and eligibility criteria**.

The Horizontal Regulation

1. Increased amount for **non-recovery** of **€250**, if also applied to national debts;

2. Proportionality principle applied in case of non-compliance with public procurement rules;

3. De minimis for the non-declaration of small areas and small farmers.

Direct payments

1. The definition of **<u>permanent grassland</u>** (PG) has been modified with the introduction of the following elements that are **optional** for member states:
    - **Ploughing of permanent grassland**
    If used, the new definition will neutralise the effect of a recent European Court of Justice judgment, which leads to classify as permanent grassland any temporary grassland after 5 years, with little value added for the environment.

    - **Extending PG to portions of land that have so far not been eligible**
    Member States may decide to include under PG **shrubs or trees that produce animal feed** but are not directly grazed by animals.

2. Three amendments have been introduced to the **<u>active farmer</u>** provision:
    - For those applicants who fall under the negative list member states may choose to implement **only one or two of the criteria** for being regarded as active farmer.

    - Member states may choose to altogether **discontinue the application of the negative list**.

    - Member states may decide to exclude from eligibility farmers who are not registered in **national fiscal or social security registers**.

3. Several changes in relation to **<u>greening</u>**:
    - As regards crop diversification, several adaptions have been made so that:
    - Maximum thresholds for crop diversification not to apply to holdings with more than 75% of their arable land cultivated with rice.
    - Holdings where leguminous crops represent a substantial share will benefit of the existing exemption as regards EFA.
    - Holdings where land is predominantly used for grass production, leguminous, land lying fallow, rice or permanent grassland will benefit of the full exemption from the crop diversification obligation without any condition linked to the upper limit of 30 hectare of arable land.
    - Three new EFA types have been introduced (Miscanthus, Silphium perfoliatum and land lying fallow covered with melliferous plants and weighing factors have been introduced, while some other weighing factors have been adjusted.

4. Three amendments have been introduced to **<u>voluntary coupled support (VCS)</u>** rules:

- Clarification of the applicable rules, whereas also fully aligning them to the terms of the Blue Box Agreement on Agriculture.
- Possibility of **annual review** by the member states of their VCS decisions.
- Empowerment to the Commission to adopt delegated acts allowing MS to continue paying VCS until 2020 on the basis of historical production units in sectors suffering from structural market imbalances.

5. In relation to young farmers, the payment shall **always be granted per farmer for a period of 5 years** as long as the young farmer applies for the payment within the 5 years following his first setting up.
   Furthermore, member states will have the possibility to increase the **percentage applied to calculate the amount of the payment for young farmers in the range of 25% to 50%**.

Common Market Organisation

1. Amendments that **strengthen Producer Organisations** (POs) and apply a horizontal approach: Explicit competition derogation for sales and production planning activities of POs and associations of POs which genuinely integrate activities of their members and deletion of sector specific provisions.
2. **Competition** provisions: Introduction of the possibility to ask the Commission for an **opinion** on the application of Article 209 CMO and extension to other entities such as cooperatives and deletion of the last resort character of **crisis cartels** (Article 222 CMO)
3. **Contractualisation**: Introduction of the right of the farmer to ask for a written contract, unless his trading partner is a SME
4. **Value sharing**: possibility to agree value sharing clauses similar to the existing one in the sugar sector for all agricultural sectors (Article 172 a)
5. Introduction of new eligible actions for POs in the **Fruit and vegetables** sector (coaching, certain types of promotion and communication under crisis management)
6. Extension of the rules on vine planting authorisations for GI **wines** also to wines used for the production of GI wine spirits.