



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

adapting the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia and the adjustments to the Treaties on which the European Union is founded, following the reform of the common agricultural policy

(presented by the Commission)

EXPLANATORY MEMORANDUM

CAP REFORM AND ENLARGEMENT ADAPTATION EXERCISE

1. Introduction

On 29 September 2003, the Council adopted a CAP reform package which makes significant changes to the *acquis* on which the accession negotiations were based. In their current form the CAP reform texts take no account of the results of those negotiations or indeed of enlargement itself. There is therefore a need to adapt both the Act of Accession and the CAP reform texts before accession to ensure that the two are complete and compatible, i.e. to ensure that they can function in an enlarged community. Specifically, there is a need to:

- adapt the CAP-related annexes of the Act of Accession so that the negotiation results fit with the new *acquis* (this will be necessary where references in the Act of Accession are rendered obsolete or where the negotiation results are not immediately compatible with the reformed CAP);
- adapt the CAP reform texts so that they can be applied to the new Member States and so that they incorporate any negotiation results that would otherwise (in the future) be lost.

To achieve these two objectives the Commission has prepared two legislative proposals for a Decision and a Regulation respectively. Both texts are based on the following guiding principles:

- the fundamental character and principles of the package agreed in Copenhagen should be maintained, and applied to any new elements. There should be no 'erosion' of the terms of accession negotiated by the acceding countries;
- where the CAP reform introduces new elements that were not covered during the accession negotiations on agriculture, the new Member States should be treated similarly to the current Member States, except where that conflicts with the overriding principle described above;
- adaptations should be limited to what is absolutely necessary;
- the new Member States should be integrated smoothly into the reformed CAP as soon as possible.

The present proposal sets out the adaptations to the Act of Accession which have become necessary as a consequence of the reform of the Common Agricultural Policy. Accordingly the proposed decision is based on Article 23 of the Act of Accession.

2. Description of the proposal

Phasing-in of direct payments

The CAP Reform introduces new direct payments for energy crops and nuts. It also introduces an additional price cut in the dairy sector, on top of what was agreed in Agenda 2000, and thus increases the compensatory direct payments for dairy (which incidentally will now start in 2004 not 2005). In order to maintain the general approach taken on direct payments in Copenhagen, these new direct payments should not be granted in full to the new Member States but should be subject to the phasing-in schedule for all other direct payments (25%, 30%, 35% etc.). This is consistent with the fact that the Act of Accession refers to the direct payments mentioned in Article 1 of Regulation (EC) No 1259/1999 at the level "then

applicable", meaning this is a dynamic reference that was open to amendment at any time. It is also consistent with the need to stay inside the Brussels ceiling and with the agro-economic arguments for the phasing-in approach (for example the desire to facilitate rather than hamper restructuring).

Single Area Payment Scheme (SAPS)

Despite the coming introduction of the Single Farm Payment (SFP), the SAPS set out in the Act of Accession should be maintained. This is justified on the grounds that:

- SAPS has been agreed in the negotiations;
- SAPS remains significantly simpler than the SFP: all utilised agricultural area is included, no coupled payments are maintained for specific sectors and there is no set-aside;
- it would be difficult to have new Member States applying the SFP from 2004 when it only enters into force in the EU-15 from 2005;
- even if that were desirable, new Member States would not have enough time to make the necessary preparations

For these reasons the proposals maintain SAPS within the framework of the reformed CAP and make the technical adjustments necessary for it to apply in the form negotiated. In doing this the proposals make clear that the temporary 'opt-out' from the SFP that applies to the current Member States until the end of 2006 does not apply to the new Member States – in other words the new Member States will not be able to move 'back' from SAPS to the classical direct payment scheme before 2007, but only move 'forward' to the SFP.

Complementary national direct payments ('topping-up')

So as to maintain the principle of topping-up in the framework of the reformed CAP, the current proposals provide for three different scenarios:

- topping-up under classical scheme until the end of 2006,
- topping-up under the SFP from 2005,
- topping-up under SAPS.

The proposals also take account of the two different topping-up formulae set out in the Act of Accession, namely:

- the 30% formula, i.e. increase the direct payments available from the EU by 30% points (this gives farmers a maximum of 55% points in the first year, 60% points in the second, 65% in the third etc); or
- the pre-accession formula, i.e. increase the direct payments available from the EU up to the pre-accession support level plus X% points (X = 10% points for all countries except Slovenia, for which X is 10% in 2004, 15% in 2005, 20% in 2006 and 25% points from 2007).

Finally, the proposal takes advantage of the fact that the changes wrought by the CAP reform provide an opportunity to simplify, from 2005, the topping-up arrangements under SAPS that were agreed in the accession negotiations. This simplified option, which is described below, is desirable insofar as it reduces the administrative burden that is otherwise imposed on SAPS by the topping up rules and insofar as it renders the topping-up arrangements fully compatible with the main principles of the CAP reform.

In concrete terms, the current proposal therefore ensures the following:

For **topping-up under the classical scheme**, which remains possible until the end of 2006, the rules in the Act of Accession are maintained essentially unchanged.

For **topping-up under the new SFP**, the arrangements would be slightly different depending on which formula the new Member State chose. Under the 30% formula, all payments could be increased across the board by a maximum of 30% points, regardless of whether they were payments based on entitlements, payments for coupled schemes, or ceilings for partially-coupled schemes. Under the pre-accession formula, payments under the schemes that remained coupled could be topped-up as planned, i.e. up to the pre-accession level + X% points (see above). For those schemes that were merged into the single farm payment, topping-up would be a little more complicated, and would be carried out in two steps. The first step would be to add-up all the pre-accession direct support granted for the sectors concerned (increased by X% points) and see how much higher this was than the baseline direct payments available from the EU. The difference would constitute the total 'envelope' available for topping up in the region concerned. The second step would then be to divide this envelope between the farmers in the region on a per-hectare basis. In the event of partial implementation of the SFP, the envelope referred to above would have to be calculated according to the extent of decoupling applied.

For **topping-up under SAPS**, the arrangements in the Act of Accession (i.e. top-ups granted from sector-specific envelopes) would apply unchanged for 2004. Given that the 'classical' direct payment system remains a possibility until the end of 2006, the topping-up arrangements in the Act of Accession would also apply until the same date. For those countries that wished, a simplified option would be applicable from 2005 (see above). Under this option the new Member States would be allowed to pay top-ups not from sector specific envelopes, but from a single envelope reflecting the difference between the SAPS support level and the topping-up margin (+30% points or pre-accession level). From this envelope, top-ups would be granted per hectare for the entire area eligible under SAPS, except for permanent crops. There would be no obligation to produce. Sector-specific top-ups would still be possible in respect of schemes that remain fully or partially coupled.

Milk

The CAP reform package repeals the regulation establishing a levy in the milk and milk products sector and amends the regulation on the CMO of the market in milk and milk products before 1 May 2004. There is therefore a need to make quite extensive (albeit technical) changes to the Act of Accession in this area so that the negotiation results refer to, and fit with, the new *acquis*. The proposals therefore include changes such as the adaptation of dates for the establishment of individual reference quantities and the reference period for the reduction of the total amount of individual reference quantities eligible for premium. They also include the addition or modification of various tables, for example to set the representative fat content for the new Member States or to include the appropriate quotas for deliveries and direct sales.

Rural development

In the accession negotiations a new measure 'Compliance with Community standards' was created for the new Member States to help their farmers "to adapt to standards established by the Community — until such time as the required standard is due to be met". This was intended to support farmers' efforts to reach EU standards during the transition period granted by giving them additional transfers to offset the costs of compliance. The CAP reform now introduces a general "meeting standards" measure intended to help farmers adapt to the

operating costs resulting from newly introduced EU standards. The proposal deletes the separate "compliance with Community standards" measure in order to avoid any overlap whilst maintaining the possibilities available to the new Member States under the compliance measure.

Transition periods

During the accession negotiations various transition periods (e.g. on the definition of suckler cows) were granted to new Member States, generally as a derogation from existing *acquis*. In certain cases the CAP reform package repeals the regulations from which such derogations were made, meaning that there will be transitional arrangements in the Act of Accession (i.e. primary law) that are without effect. The proposals therefore amend the Act of Accession so as to give continuing effect to any transition periods accorded.

Special Market Policy Programme for Maltese Agriculture (SMPPMA)

The SMPPMA as provided for in the Act of Accession makes numerous references to sectoral (market) regulations. As some of these regulations will be repealed by the CAP reform regulations there is a need for quite extensive (though purely technical) amendment to the relevant section of the Act of Accession, so that the provisions of the SMPPMA refer to the correct *acquis*. The necessary amendments form part of the current proposals.

Proposal for a

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adapting the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia and the adjustments to the Treaties on which the European Union is founded, following the reform of the common agricultural policy

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, and in particular Article 2(3) thereof,

Having regard to the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, and Slovakia and the adjustments to the Treaties on which the European Union is founded, and in particular Article 23 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas:

- (1) The common agriculture policy (CAP) reform and notably Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers³, introduces significant changes to the *acquis* on which the accession negotiations were based.
- (2) There is therefore a need to adapt the Act of Accession so that the negotiation results are compatible with the new *acquis*, especially where references in the Act of Accession are rendered obsolete or where the negotiation results are not compatible with the new agricultural regulations.
- (3) In making the necessary adaptations to the Act of Accession the fundamental character and principles of the negotiation results should be maintained and applied to any new elements. Moreover, the adaptations of the Act of Accession should be limited to what is absolutely necessary.
- (4) Council Regulation (EC) No 1787/2003 amending Regulation (EC) No 1255/1999 on the common organisation of the market in milk and milk products⁴ and Council

¹ OJ C ..., ..., p. ...

² OJ C ..., ..., p. ...

³ OJ L 270, 21.10.2003, p. 1

⁴ OJ L 270, 21.10.2003, p. 121

Regulation (EC) No 1788/2003 establishing a levy in the milk and milk-products sector⁵ introduce significant changes in the *acquis* in the milk sector. There is therefore a need to make technical adaptations to the Act of Accession in this area so that the negotiation results refer to, and fit with, the new *acquis*.

- (5) The new measures 'Compliance with Community standards' created for the new Member States during accession negotiations and 'meeting standards' introduced by Council Regulation (EC) No 1783/2003 amending Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)⁶ should be amalgamated in such a way as to avoid an overlap between them whilst maintaining the possibilities available to the new Member States under the compliance measure.
- (6) LEADER type activities should be supported for the new Member States through a measure integrated into the Structural Funds programmes rather than a separate programme.
- (7) Regulation (EC) No 1782/2003 repeals Council Regulation (EC) No 1259/1999 of 17 May 1999 establishing common rules for direct support under the common agricultural policy⁷. It is therefore necessary to incorporate the provisions related to the introduction of direct payments in the new Member States and to the single area payment scheme in Regulation (EC) No 1782/2003.
- (8) In order to maintain the negotiation results there is a particular need to make the necessary adaptations to ensure that the statutory management requirements of the cross compliance provisions of Regulation (EC) No 1782/2003 are optional for the new Member States that apply the single area payment scheme.
- (9) New Member States should apply the single payment scheme at the end of the period of application of the single area payment scheme.
- (10) In order to maintain the coherence of the complementary national direct payments, some adaptations have to be made following the introduction of the new single payment scheme. Specifically, it is necessary to adjust the arrangements in the act of accession to ensure that such complementary payments can function as intended under three different scenarios: firstly the 'classical' direct payment scheme, secondly the regional option of the new single payment scheme, and thirdly the single area payment scheme.
- (11) The Act of Accession should be adapted so as to give continuing effect to any transition periods accorded when regulations from which such derogations were made have been repealed,

HAS DECIDED AS FOLLOWS:

Article 1

Chapter 6.A. of Annex II to the Act of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia and the adjustments to the

⁵ OJ L 270, 21.10.2003, p. 123

⁶ OJ L 270, 21.10.2003, p. 70

⁷ OJ L 160, 26.6.1999, p. 113.

Treaties on which the European Union is founded (referred to hereinafter as the 'Act of Accession') is adapted as follows:

1. Point 13 is replaced by the following:

"13. 32003 R 1788: Council Regulation (EC) No 1788/2003 of 29 September 2003 establishing a levy in the milk and milk products sector (OJ L 270, 21.10.2003, p. 123)"

(a) In Article 1 the following paragraphs (4) and (5) are added:

- "4. For the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia a special restructuring reserve shall be established as set out in Table (g) of Annex I. This reserve shall be released as from 1 April 2006 to the extent that the on-farm consumption of milk and milk products in each of these countries has decreased since 1998 for Estonia and Latvia and 2000 for the Czech Republic, Lithuania, Hungary, Poland, Slovenia and Slovakia. The decision on releasing the reserve and of its distribution to the deliveries and direct sales quota shall be taken by the Commission in accordance with the procedure referred to in Article 42(2) of Regulation (EC) No 1255/1999 on the basis of an assessment of a report to be submitted by the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia and Slovakia to the Commission by 31 December 2005. This report shall detail the results and trends of the actual restructuring process in the country's dairy sector and, in particular the shift from production for on-farm consumption to production for the market.
5. For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the national reference quantities shall include all cow's milk or milk equivalent delivered to a purchaser or sold directly for consumption irrespective of whether it is produced or marketed under a transitional measure applicable in these countries."

(b) In Article 6(1) the following subparagraphs are added:

"For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the basis for the individual reference quantities referred to are set out in table (f) of Annex I.

In the case of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the twelve-months period for the establishment of the individual reference quantities shall commence on: 1 April 2001 for Hungary, 1 April 2002 for Malta and Lithuania, 1 April 2003 for the Czech Republic, Cyprus, Estonia, Latvia and Slovakia and 1 April 2004 for Poland and Slovenia.

However, in order to apply Article 95 of Regulation (EC) No 1782/2003, where the case may be, Poland and Slovenia may establish provisional individual reference quantities based on the twelve months period which commences on 1 April 2003 and they shall establish definitive individual reference quantities by 1 April 2005. Until 1 April 2005 Articles 3 and 4 of this Regulation are not applicable in Poland and Slovenia.

For Poland the distribution of the total quantity between deliveries and direct sales shall be reviewed on the basis of its actual 2003 figures on deliveries and direct sales and, if necessary, adjusted by the Commission in accordance with the procedure referred to in Article 42(2) of Regulation (EC) No 1255/1999."

(c) In Article 9(2) the following subparagraph is added:

"For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, the reference fat content referred to in paragraph 1 shall be the same as the reference fat content of the quantities allocated to producers on the following dates: 31 March 2002 for Hungary, 31 March 2003 for Malta and Lithuania, 31 March 2004 for the Czech Republic, Cyprus, Estonia, Latvia and Slovakia and 31 March 2005 for Poland and Slovenia."

(d) In Annex I, tables (a) to (g) are replaced by the following:

"(a) period 2004/05

For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the national reference quantities referred to in Article 1(1) are applicable from 1 May 2004 to 31 March 2005.

Member State	Quantities (<i>tonnes</i>)
Belgium	3 310 431,000
Czech Republic	2 682 143,000
Denmark	4 455 348,000
Germany	27 864 816,000
Estonia	624 483,000
Greece	820 513,000
Spain	6 116 950,000
France	24 235 798,000
Ireland	5 395 764,000
Italy	10 530 060,000
Cyprus	145 200,000
Latvia	695 395,000
Lithuania	1 646 939,000
Luxembourg	269 049,000
Hungary	1 947 280,000
Malta	48 698,000
Netherlands	11 074 692,000
Austria	2 749 401,000
Poland	8 964 017,000
Portugal	1 870 461,000
Slovenia	560 424,000
Slovakia	1 013 316,000
Finland	2 407 003,324
Sweden	3 303 000,000
United Kingdom	14 609 747,000

(b) period 2005/06

Member State	Quantities (tonnes)
Belgium	3 310 431,000
Czech Republic	2 682 143,000
Denmark	4 455 348,000
Germany	27 864 816,000
Estonia	624 483,000
Greece	820 513,000
Spain	6 116 950,000
France	24 235 798,000
Ireland	5 395 764,000
Italy	10 530 060,000
Cyprus	145 200,000
Latvia	695 395,000
Lithuania	1 646 939,000
Luxembourg	269 049,000
Hungary	1 947 280,000
Malta	48 698,000
Netherlands	11 074 692,000
Austria	2 749 401,000
Poland	8 964 017,000
Portugal*	1 920 461,000
Slovenia	560 424,000
Slovakia	1 013 316,000
Finland	2 407 003,324
Sweden	3 303 000,000
United Kingdom	14 609 747,000

(c) period 2006/07

Member State	Quantities (tonnes)
Belgium	3 326 983,000
Czech Republic	2 682 143,000
Denmark	4 477 624,000
Germany	28 004 140,000
Estonia	624 483,000
Greece	820 513,000
Spain	6 116 950,000
France	24 356 977,000
Ireland	5 395 764,000
Italy	10 530 060,000
Cyprus	145 200,000
Latvia	695 395,000
Lithuania	1 646 939,000
Luxembourg	270 394,000
Hungary	1 947 280,000
Malta	48 698,000
Netherlands	11 130 066,000
Austria	2 763 148,000
Poland	8 964 017,000
Portugal	1 929 824,000
Slovenia	560 424,000
Slovakia	1 013 316,000
Finland	2 419 025,324
Sweden	3 319 515,000
United Kingdom	14 682 697,000

(d) period 2007/08

Member State	Quantities (tonnes)
Belgium	3 343 535,000
Czech Republic	2 682 143,000
Denmark	4 499 900,000
Germany	28 143 464,000
Estonia	624 483,000
Greece	820 513,000
Spain	6 116 950,000
France	24 478 156,000
Ireland	5 395 764,000
Italy	10 530 060,000
Cyprus	145 200,000
Latvia	695 395,000
Lithuania	1 646 939,000
Luxembourg	271 739,000
Hungary	1 947 280,000
Malta	48 698,000
Netherlands	11 185 440,000
Austria	2 776 895,000
Poland	8 964 017,000
Portugal	1 939 187,000
Slovenia	560 424,000
Slovakia	1 013 316,000
Finland	2 431 047,324
Sweden	3 336 030,000
United Kingdom	14 755 647,000

(e) period 2008/09 to 2014/15

Member State	Quantities (tonnes)
Belgium	3 360 087,000
Czech Republic	2 682 143,000
Denmark	4 522 176,000
Germany	28 282 788,000
Estonia	624 483,000
Greece	820 513,000
Spain	6 116 950,000
France	24 599 335,000
Ireland	5 395 764,000
Italy	10 530 060,000
Cyprus	145 200,000
Latvia	695 395,000
Lithuania	1 646 939,000
Luxembourg	273 084,000
Hungary	1 947 280,000
Malta	48 698,000
Netherlands	11 240 814,000
Austria	2 790 642,000
Poland	8 964 017,000
Portugal	1 948 550,000
Slovenia	560 424,000
Slovakia	1 013 316,000
Finland	2 443 069,324
Sweden	3 352 545,000
United Kingdom	14 828 597,000

(f) Reference quantities for deliveries and direct sales referred to in the second subparagraph of Article 6(1)

Member State	Reference quantities for deliveries (<i>tonnes</i>)	Reference quantities for direct sales (<i>tonnes</i>)
Czech Republic	2 613 239	68 904
Estonia	537 188	87 365
Cyprus	141 337	3 863
Latvia	468 943	226 452
Lithuania	1 256 440	390 499
Hungary	1 782 650	164 630
Malta	48 698	–
Poland	8 500 000	464 017
Slovenia	467 063	93 361
Slovakia	990 810	22 506 "

(g) Special restructuring quantities referred to in Article 1(4)

Member State	Special restructuring quantities (<i>tonnes</i>)
Czech Republic	55 788
Estonia	21 885
Latvia	33 253
Lithuania	57 900
Hungary	42 780
Poland	416 126
Slovenia	16 214
Slovakia	27 472 "

* Specific increase by 50 000 tonnes for exclusive attribution to the producers of the Azores."

(e) In Annex II the table is replaced by the following:

"Reference fat content

Member State	Reference fat content (g/kg)
Belgium	36,91
Czech Republic	42,10
Denmark	43,68
Germany	40,11
Estonia	43,10
Greece	36,10
Spain	36,37
France	39,48
Ireland	35,81
Italy	36,88
Cyprus	34,60
Latvia	40,70
Lithuania	39,90
Luxembourg	39,17
Hungary	38,50
Netherlands	42,36
Austria	40,30
Poland	39,00
Portugal	37,30
Slovenia	41,30
Slovakia	37,10
Finland	43,40
Sweden	43,40
United Kingdom	39,70 "

2. Point 15(c) is replaced by the following:

«(c) Article 5 is replaced by the following:

‘Article 5

A premium of EUR 22,25 per tonne of starch produced shall be paid to undertakings producing potato starch for the quantity of potato starch up to the quota limit referred to in Article 2(2) or 2(4), provided that they have paid to starch producers the minimum price, referred to in Article 4a, for all the potatoes necessary to produce starch up to that quota limit.’»

3. Point 25 is replaced by the following:

"25. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1)"

(a) In Article 95(2) the following subparagraph is added:

"For Poland and Slovenia, the amount per tons for the dairy premium for 2004 shall be multiplied by the individual reference quantity available on the holding on 1 April 2004."

- (b) In Article 95(4) the following subparagraphs are added:

"For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the total quantities referred to in the first subparagraph are set out in table (f) of Annex I of Regulation (EC) No 1788/2003.

For the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia the 12 months period referred to in the first subparagraph shall be that of 2004/05."

- (c) In Article 96(2) the table is replaced by the following:

"2. Additional payments: global amounts expressed in EUR million:

	2004	2005	2006 and 2007*
Belgium	12,12	24,30	36,45
Czech Republic	9,817	19,687	29,530
Denmark	16,31	32,70	49,05
Germany	101,99	204,53	306,79
Estonia	2,286	4,584	6,876
Greece	2,31	4,63	6,94
Spain	20,38	40,86	61,29
France	88,70	177,89	266,84
Ireland	19,20	38,50	57,76
Italy	36,34	72,89	109,33
Cyprus	0,531	1,066	1,599
Latvia	2,545	5,104	7,656
Lithuania	6,028	12,089	18,133
Luxembourg	0,98	1,97	2,96
Hungary	7,127	14,293	21,440
Malta	0,178	0,357	0,536
Netherlands	40,53	81,29	121,93
Austria	10,06	20,18	30,27
Poland	32,808	65,796	98,694
Portugal	6,85	13,74	20,62
Slovenia	2,051	4,114	6,170
Slovakia	3,709	7,438	11,157
Finland	8,81	17,66	26,49
Sweden	12,09	24,24	36,37
United Kingdom	53,40	107,09	160,64

* And, in case of application of Article 70, for the following calendar years.

In the new Member States the global amounts shall be applied in accordance with the schedule of increments as set out in Article 143a."

4. Point 26 is adapted as follows:

- (a) The title is replaced by the following:

"26. 31999 R 1257: 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 (OJ L 160, 26.6.1999, p. 80), as amended by

– 32003 R 1783: Council Regulation No 1783/2003 of 29 September 2003 (OJ L 270, 21.10.2003, p. 70)"

(b) point 1 inserting Chapter IXa of Title II is amended as follows:

(i) Article 33c is deleted;

(ii) Article 33f(2) is replaced by the following:

"2. Support may be granted for the adoption of integrated territorial rural development strategies, of a pilot nature, prepared by local action groups in accordance with the principles laid down in points 12, 14 and 36 of the Commission notice to the Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development (Leader+)*. This support shall be limited to regions where there is already sufficient administrative capacity and experience of local rural development type approaches.

* OJ C 139, 18.5.2000, p. 5"

(iii) Article 33h is replaced by the following:

*"Article 33h
Complements to direct payments*

1. As a temporary and *sui generis* provision support may be granted to farmers eligible for complementary national direct payments or aids under Article 143c of Regulation (EC) No 1782/2003** during the 2004–2006 period only.
2. The support granted to a farmer in respect of the years 2004, 2005, 2006 shall not exceed the difference between:
 - (a) the level of direct payments applicable in the new Member States for the year concerned in accordance with Article 143a of Regulation (EC) No 1782/2003, and
 - (b) 40% of the level of direct payments applicable in the Community as constituted on 30 April 2004 in the relevant year.
3. The Community contribution to support granted under this Article in a new Member State in respect of each of the years 2004, 2005 and 2006 shall not exceed 20% of its respective annual allocation. However, a new Member State may replace this 20% annual rate with the following rates: 25% for 2004, 20% for 2005 and 15% for 2006.
4. Support granted to a farmer under this Article shall be counted:
 - (a) in the case of Cyprus, as complementary national direct aid for the purposes of applying the total amounts referred to in Article 143c(3) of Regulation (EC) No 1782/2003;
 - (b) in the case of any other new Member State, as complementary national direct payments or aids, as applicable, for the purposes of

applying the maximum levels set out in Article 143c(2) of Regulation (EC) No 1782/2003."

** OJ L 270, 21.10.2003, p. 1"

(iv) In Article 33l, the following paragraph is inserted after paragraph 2:

"2a. By way of derogation from Article 21b, for agricultural Community standards for which a transitional period has been granted according to the Annexes referred to in Article 24 of the Act of Accession the temporary support may be granted, from the date of eligibility of expenditures under the rural development programming document, to farmers who comply with these standards, for a period not exceeding five years."

(c) in point 6 inserting Chapter IVa of Title III, Article 47a(1)(c) is deleted.

(d) In point 10 adding Annex II, the row related to Article 33c is deleted.

5. Point 27 is replaced by the following:

"27. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1)"

(a) In Article 1, after the second indent the following indent is inserted:

"– a transitional simplified income support for farmers in the new Member States (hereinafter referred to as the 'single area payment scheme');"

(b) In Article 2 the following point (g) is added:

"(g) 'new Member States' means the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia,";

(c) After Title IV, the following Title IVa is inserted:

"Title IVa

IMPLEMENTATION OF SUPPORT SCHEMES IN THE NEW MEMBER STATES

Article 143a
Introduction of support schemes

In the new Member States direct payments shall be introduced in accordance with the following schedule of increments expressed as a percentage of the then applicable level of such payments in the Community as constituted on 30 April 2004:

- 25% in 2004,
- 30% in 2005,
- 35% in 2006,
- 40% in 2007,
- 50% in 2008,
- 60% in 2009,
- 70% in 2010,
- 80% in 2011,
- 90% in 2012,
- 100% as from 2013.

Article 143b
Single Area Payment scheme

1. The new Member States may decide not later than the date of accession to replace the direct payments during the period of application referred to in paragraph 9 with a single area payment which shall be calculated according to paragraph 2.
2. The single area payment shall be made once a year. It shall be calculated by dividing the annual financial envelope established according to paragraph 3 by the agricultural area of each new Member State established according to paragraph 4.
3. For any new Member State, the Commission shall establish an annual financial envelope:
 - as the sum of the funds that would be available in respect of the calendar year concerned for granting direct payments in the new Member State,
 - according to the relevant Community rules and on the basis of the quantitative parameters, such as base areas, premium ceilings and Maximum Guaranteed Quantities (MGQ), specified in the Act of Accession and subsequent Community legislation for each direct payment, and
 - adjusted using the relevant percentage specified in Article 143a for the gradual introduction of direct payments.
4. The agricultural area of a new Member State under the single area payment scheme shall be the part of its utilised agricultural area which has been maintained in good agricultural condition at 30 June 2003, whether in production or not at that date, and, where appropriate, adjusted in accordance with the objective criteria to be set by that new Member State after approval by the Commission.

"Utilised agricultural area" shall mean the total area taken up by arable land, permanent grassland, permanent crops and kitchen gardens as established by the Commission (EUROSTAT) for its statistical purposes.
5. For the purpose of granting payments under the single area payment scheme, all agricultural parcels corresponding to the criteria provided for in paragraph 4 shall be eligible.

The minimum size of eligible area per holding for which payments may be requested shall be 0,3 ha. However, any new Member State may decide, on the basis of objective criteria and after approval by the Commission, to set the minimum size at a higher level not exceeding 1 ha.

6. There shall be no obligation to produce or to employ the factors of production. However, farmers may use the land referred to in paragraph 4 for any agricultural purpose. In the case of production of hemp falling within CN code 5302 10 00, Article 5a(2) of Regulation (EC) No 1251/1999, Article 7b of Regulation (EC) No 2316/1999 as well as Article 52(1) of this Regulation shall apply.

Any land benefiting from payments under the single area payment scheme shall be maintained in good agricultural condition compatible with the protection of the environment.

As from 1 January 2005 the application of Articles 3, 4, 6, 7 and 9 shall be optional for the new Member States insofar as these provisions relate to statutory management requirements.

7. Where in a given year the single area payments in a new Member State would exceed its annual financial envelope, the national amount per hectare applicable in that new Member State shall be reduced proportionately by application of a reduction coefficient.
8. The Community rules on the integrated system laid down respectively in Council Regulation (EEC) No 3508/92 *, and in particular Article 2 thereof, and in Chapter 4 of Title II of this Regulation, and in particular Article 18 thereof, shall apply to the single area payment scheme to the extent necessary. Accordingly, any new Member State choosing this scheme shall:
 - prepare and process farmers' annual aid applications. Such applications shall contain data on applicants and on declared agricultural parcels (identification number and area);
 - put in place a land parcel identification system so as to ensure that the parcels for which aid applications have been made can be identified and their area established, that the parcels concern agricultural land and that they are not the subject of another application;
 - have in place a computerised database for agricultural holdings, parcels and aid applications;
 - check the aid applications pertaining to the year 2004 in accordance with Articles 7 and 8 of Regulation (EEC) No 3508/92 and those pertaining to any year as from 2005 in accordance with Article 23 of this Regulation.

The application of the single area payment scheme shall not in any way affect the obligation of any new Member State with regard to the implementation of Community rules on the identification and registration of animals as provided for by Council Directive 92/102/EEC ** and Regulation (EC) No 1760/2000 of the European Parliament and of the Council***.

9. For any new Member State the single area payment scheme shall be available for a period of application until the end of 2006 with the possibility of renewal twice by one year at the new Member State's request. Subject to the provisions of paragraph 11, any new Member State may decide to terminate the application of the scheme at the end of the first or the second year of the period of application with a view to applying the single payment scheme. New Member States shall notify the Commission of their intention to terminate by 1 August of the last year of application.
10. Before the end of the period of application of the single area payment scheme, the Commission shall assess the state of preparedness of the new Member State concerned to apply fully the direct payments.

In particular, by the end of the period of application of the single area payment scheme, the new Member State shall have taken all necessary steps to set up the integrated system as referred to in Article 18 for running properly the direct payments in the form then applicable.

11. On the basis of its assessment, the Commission shall:
 - (a) note that the new Member State can enter the system of direct payments applied in the Member States of the Community as constituted on 30 April 2004,
 - or
 - (b) decide to extend the application of the single area payment scheme by the new Member State for the period estimated necessary to allow for the necessary management and control procedures to be fully in place and to function properly.

Before the end of the extended application period referred to in point (b) of the first subparagraph, paragraph 10 shall apply.

Until the end of the 5 year period of application of the single area payment scheme (i.e. 2008), the percentage rate set out in Article 143a shall apply. If the application of the single area payment scheme is extended beyond that date pursuant to a decision taken under point (b) of the first subparagraph, the percentage rate set out in Article 143a for the year 2008 shall apply until the end of the last year of application of the single area payment scheme.

12. After the end of the period of application of the single area payment scheme, the direct payments shall be applied according to the relevant Community rules and on the basis of the quantitative parameters, such as base area, premium ceilings and Maximum Guaranteed Quantities (MGQ), specified in the Act of Accession for each direct payment and subsequent Community legislation. The percentage rates set out in Article 143a for the relevant years shall subsequently apply.
13. New Member States shall inform the Commission in detail of the measures taken to implement this Article and in particular the measures taken pursuant to paragraph 7.

Article 143c

Complementary national direct payments and direct payments

1. For the purposes of this Article: "CAP-like national scheme" shall mean any national direct payment scheme applicable prior to the date of accession of the new Member States under which the support was granted to farmers in respect of production covered by one of the direct payments.
2. The new Member States shall have the possibility, subject to authorisation by the Commission, of complementing any direct payments up to:
 - (a) with regard to all direct payments, 55% of the level of direct payments in the Community as constituted on 30 April 2004 in 2004, 60% in 2005 and 65% in 2006 and from 2007 up to 30 percentage points above the applicable level referred to in Article 143a in the relevant year. However, the Czech Republic may complement direct payments in the potato starch sector up to 100% of the level applicable in the Community as constituted on 30 April 2004.

or

- (b) (i) with regard to direct payments other than the single payment scheme, the total level of direct support the farmer would have been entitled to receive, on a product by product basis, in the new Member State in the calendar year 2003 under a CAP-like national scheme increased by 10 percentage points. However for Lithuania the reference year shall be the calendar year 2002 and for Slovenia the increase shall be 10 percentage points in 2004, 15 percentage points in 2005, 20 percentage points in 2006 and 25 percentage points from 2007.

(ii) with regard to the single payment scheme the total amount of complementary national direct aid which may be granted by a new Member State in respect of a given year shall be limited by a specific financial envelope. This envelope shall be equal to the difference between:

- the total amount of CAP-like national direct support that would be available in the relevant new Member State in respect of the calendar year 2003 or, in the case of Lithuania, of the calendar year 2002, each time increased by 10%. However, for Slovenia the increase shall be 10 percentage points in 2004, 15 percentage points in 2005, 20 percentage points in 2006 and 25 percentage points from 2007.

and

- the national ceiling of that new Member State listed in Annex VIIIa adjusted, where appropriate, in accordance with Articles 64(2) and 70(2).

For the purpose of calculating the total amount referred to in the first indent above the national direct payments and/or its components corresponding to the Community direct payments and/or its

components which were taken into account for calculating the effective ceiling of the new Member State concerned in accordance with Article 71c (*see new Annex VIIIa*), 64(2) and 70(2) shall be included.

For each direct payment concerned the new Member States may choose to apply one of the two abovementioned options (a) and (b).

The total direct support the farmer may be granted in the new Member States after accession under the relevant direct payment including all complementary national direct payments shall not exceed the level of direct support the farmer would be entitled to receive under the corresponding direct payment then applicable to the Member States in the Community as constituted on 30 April 2004.

3. Cyprus may complement direct aid paid to a farmer under any direct payments listed in Annex I up to the total level of support the farmer would have been entitled to receive in Cyprus in 2001.

The Cypriot authorities shall ensure that the total direct support the farmer is granted after accession in Cyprus under the relevant direct payment including all complementary national direct payments in no case exceeds the level of direct support the farmer would be entitled to receive under that direct payment in the relevant year in the Community as constituted on 30 April 2004.

The total amounts of complementary national aid to be granted shall be those indicated in Annex XII.

The complementary national aid to be granted shall be subject to any adjustments which may be rendered necessary by developments in the common agricultural policy.

The provisions of paragraphs 2 and 5 shall not apply to Cyprus.

4. If a new Member State decides to apply the single area payment scheme, that new Member State may grant complementary national direct aid under the conditions referred to in paragraphs 5 and 8.
5. In respect of the year 2004, the total amount per (sub)sector of complementary national aid granted in that year when applying the single area payment scheme shall be limited by a specific financial envelope per (sub)sector. This envelope shall be equal to the difference between:
 - the total amount of support per (sub)sector resulting from the application of the points (a) or (b) of paragraph 2, as appropriate, and
 - the total amount of direct support that would be available in the relevant new Member State for the same (sub)sector in the year concerned under the single area payment scheme.

In respect of any year as from 2005 the requirement to operate the above limitation by means of applying (sub)sector specific financial envelopes shall not apply. However, the new Member States shall retain the right to

apply (sub)sector specific financial envelopes, provided that such a (sub)sector specific financial envelope may only relate to

- the direct payments combined to the single payment scheme, and/or
 - one or more of the direct payments that are excluded or may be excluded from the single payment scheme in accordance with Article 70(2) or may be subject to partial implementation as referred to in Article 64(2).
6. The new Member State may decide on the basis of objective criteria and after authorisation by the Commission, on the amounts of complementary national aid to be granted.
7. The authorisation by the Commission shall:
- where point (b) of paragraph 2 applies, specify the relevant CAP-like national direct payment schemes,
 - define the level up to which the complementary national aid may be paid, the rate of the complementary national aid and, where appropriate, the conditions for the granting thereof,
 - be granted subject to any adjustments which may be rendered necessary by developments in the common agricultural policy.
8. No complementary national payments or aid shall be granted for agricultural activities in respect of which direct payments are not foreseen in the Community as constituted on 30 April 2004.
9. Cyprus may, in addition to the complementary national direct payments, grant transitional and degressive national aid until the end of 2010. This State aid shall be granted in a form similar to Community aid, such as decoupled payments.

Taking into account the nature and amount of national support granted in 2001, Cyprus may grant State aid to the (sub)sectors listed in Annex XIII and up to the amounts specified in that Annex.

The State aid to be granted shall be subject to any adjustments which may be rendered necessary by developments in the common agricultural policy. Should such adjustments prove necessary, the amount of the aid or the conditions for the granting thereof shall be amended on the basis of a decision by the Commission.

Cyprus shall submit an annual report to the Commission on the implementation of the State aid measures, indicating the aid forms and amounts per (sub)sector.

10. Latvia may, in addition to the complementary national direct payments, grant transitional and degressive national aid until the end of 2008. This State aid shall be granted in a form similar to Community aid, such as decoupled payments.

Latvia may grant State aid to the (sub)sectors listed in Annex XIV up to the amounts specified in that Annex.

The State aid to be granted shall be subject to any adjustments which may be rendered necessary by developments in the common agricultural policy. Should such adjustments prove necessary, the amount of the aid or the conditions for the granting thereof shall be amended on the basis of a decision by the Commission.

Latvia shall submit an annual report to the Commission on the implementation of the State aid measures, indicating the aid forms and amounts per (sub)sector.;

* Council Regulation (EEC) No 3508/92 establishing an integrated administration and control system for certain Community aid schemes (OJ L 355, 5.12.1992, p. 1).

** Council Directive 92/102/EEC on the identification and registration of animals (OJ L 355, 5.12.1992, p. 32).

*** Regulation (EC) No 1760/2000 of the European Parliament and of the Council establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products and repealing Council Regulation (EC) No 820/97 (OJ L 204, 11.8.2000, p.1).";

(d) In Article 145 after point (d) the following point is inserted:

"(d)a) detailed rules relating to the implementation of the provisions in Title IVa,";

(e) The following sentence is added to the fourth paragraph of Article 153:

"The simplified scheme referred to in Article 2a of that Regulation shall not apply to the new Member States.";

(f) In Annex I, the following line is inserted after the line 'Single payment':

"Single area payment	Title IVa, Article 143b of this Regulation	Decoupled payment replacing all the direct payments referred to in this Annex"
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(g) The following Annexes XII, XIII and XIV are added:

"ANNEX XII

Table 1 – Cyprus: Complementary national direct payments where the normal schemes for direct payments apply

Schedule of increments	25%	30%	35%	40%	50%	60%	70%	80%	90%
Sector	2004	2005	2006	2007	2008	2009	2010	2011	2012
Arable crops (durum wheat excluded)	7 913 822	7 386 234	6 858 646	6 331 058	75 881	4 220 705	3 165 529	2 110 353	1 055 176
Durum wheat	2 256 331	2 059 743	1 888 505	1 743 235	1 452 696	1 162 157	871 618	581 078	290 539
Grain legumes	30 228	28 273	26 318	24 363	20 363	16 362	12 272	8 181	4 091
Milk and dairy	887 535	1 759 243	2 311 366	2 133 569	1 777 974	1 422 379	1 066 784	711 190	355 595
Beef	3 456 709	3 226 262	2 995 814	2 765 367	2 304 473	1 843 578	1 382 684	921 789	460 895
Sheep and goat	8 267 087	7 715 948	7 164 809	6 613 669	5 511 391	4 409 113	3 306 835	2 204 556	1 102 278
Olive oil	5 951 250	5 554 500	5 157 750	4 761 000	3 967 500	3 174 000	2 380 500	1 587 000	793 500
Tobacco	782 513	730 345	678 178	626 010	521 675	417 340	313 005	208 670	104 335
Bananas	3 290 625	3 071 250	2 851 875	2 632 500	2 193 750	1 755 000	1 316 250	877 500	–
Dried grapes	104 393	86 562	68 732	50 901	15 241	–	–	–	–
Almonds	49 594	30 878	12 161	–	–	–	–	–	–
Total	32 990 086	31 649 237	30 014 153	27 681 672	23 040 943	18 420 634	13 815 476	9 210 317	4 166 409

Complementary national direct payments under Single Payment Scheme:

The total amount of complementary national direct payments that may be granted under the Single Payment Scheme shall be equal to the sum of the sectoral ceilings referred to in this table relating to the sectors that are covered by the Single Payment Scheme to the extent that the support in these sectors is decoupled.

Table 2 – Cyprus: Complementary national direct payments where the single area payment scheme for direct payments applies

Single area payment scheme					
Sector	2004	2005	2006	2007	2008
Arable crops (durum wheat excluded)	6 182 503	3 997 873	2 687 095	1 303 496	–
Durum wheat	2 654 980	2 469 490	2 358 196	2 240 719	2 018 131
Grain legumes	27 346	20 566	16 498	12 204	4 068
Milk and dairy	1 153 380	2 323 212	3 501 948	3 492 448	3 474 448
Beef	4 608 945	4 608 945	4 608 945	4 608 945	4 608 945
Sheep and goat	10 932 782	10 887 782	10 860 782	10 832 282	10 778 282
Olive oil	7 215 000	6 855 000	6 639 000	6 411 000	5 979 000
Dried grapes	182 325	176 715	173 349	169 796	163 064
Bananas	4 368 300	4 358 700	4 352 940	4 346 860	4 335 340
Tobacco	1 049 000	1 046 750	1 045 400	1 043 975	1 041 275
TOTAL	38 374 562	36 745 034	36 244 154	34 461 726	32 402 554

ANNEX XIII

State aid Cyprus

Sector	2004	2005	2006	2007	2008
Arable crops (durum wheat excluded)	6 182 503	3 997 873	2 687 095	1 303 496	–
Durum wheat	2 654 980	2 469 490	2 358 196	2 240 719	2 018 131
Grain legumes	27 346	20 566	16 498	12 204	4 068
Milk and dairy	1 153 380	2 323 212	3 501 948	3 492 448	3 474 448
Beef	4 608 945	4 608 945	4 608 945	4 608 945	4 608 945
Sheep and goat	10 932 782	10 887 782	10 860 782	10 832 282	10 778 282
Olive oil	7 215 000	6 855 000	6 639 000	6 411 000	5 979 000
Dried grapes	182 325	176 715	173 349	169 796	163 064
Bananas	4 368 300	4 358 700	4 352 940	4 346 860	4 335 340
Tobacco	1 049 000	1 046 750	1 045 400	1 043 975	1 041 275
TOTAL	38 374 562	36 745 034	36 244 154	34 461 726	32 402 554

ANNEX XIV

State aid Latvia

STATE AID					
Sector	2004	2005	2006	2007	2008
Flax	654 000	523 200	392 400	261 600	130 800
Pigmeat sector	204 000	163 200	122 400	81 600	40 800
Sheep and goats	107 000	85 600	64 200	42 800	21 400
Seeds	109 387	87 510	66 110	44 710	23 310
Total	1 074 387	859 510	645 110	430 710	216 310 "

Article 2

Chapter 4 of Annex VI to the Act of Accession is adapted as follows:

1. Point (2) is replaced by the following:

“2. 31999 R 1254: 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), as last amended by:

– 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 3(f) of Regulation (EC) No 1254/1999, Estonia may until the end of the year 2004 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under subsection 3 of Regulation (EC) No 1254/1999, provided they have been covered or inseminated by bulls of a meat breed.

2a. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21 October 2003, p. 1):

By way of derogation from Article 122(d) of Regulation (EC) No 1782/2003, Estonia may until the end of the year 2006 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under Article 125 of Regulation (EC) No 1782/2003, provided they have been covered or inseminated by bulls of a meat breed.

* OJ L 281, 4.11.1999, p. 30.”

2. Point (3) is deleted.

Article 3

In Chapter 5.A of Annex VII of the Act of Accession, the following point 5 is added:

"5. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 131(1) of Regulation (EC) No 1782/2003, in Cyprus the application of the stocking density shall be gradually phased in on a linear basis from 4,5 LU per hectare for the first year after accession to 1,8 LU per hectare five years after accession.”

Article 4

In Chapter 4.A of Annex VIII to the Act of Accession, point 3 is replaced by the following text:

"3. 31999 R 1254: 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), as last amended by:

– 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 3(f) of Regulation (EC) No 1254/1999, Latvia may until the end of the year 2004 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under subsection 3 of Regulation (EC) No 1254/1999, provided they have been covered or inseminated by bulls of a meat breed.

4. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 122(d) of Regulation (EC) No 1782/2003, Latvia may until the end of the year 2006 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under Article 125 of Regulation (EC) No 1782/2003, provided they have been covered or inseminated by bulls of a meat breed.

* OJ L 281, 4.11.1999, p. 30"

Article 5

In Chapter 5.A of Annex IX to the Act of Accession, point 3 is replaced by the following text:

"3. 31999 R 1254: 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), as last amended by:

– 32001 R 2345 Commission Regulation (EC) No 2345/2001 of 30.11.2001 (OJ L 315, 1.12.2001, p. 29)

By way of derogation from Article 3(f) of Regulation (EC) No 1254/1999, Lithuania may until the end of the year 2004 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes, as eligible for the suckler cow premium under subsection 3 of Regulation (EC) No 1254/1999, provided they have been covered or inseminated by bulls of a meat breed.

4. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 122 of Regulation (EC) No 1782/2003, Lithuania may until the end of the year 2006 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under Article 125 of Regulation (EC) No 1782/2003, provided they have been covered or inseminated by bulls of a meat breed.

* OJ L 281, 4.11.1999, p. 30."

Article 6

Chapter 4.A of Annex XI to the Act of Accession is adapted as follows:

1. The first paragraph of point 1(b) is replaced by the following text:

"By way of derogation from Article 21 of Regulation (EEC) No 2759/75, Article 23 of Regulation (EC) No 1784/2003 *{repealing Regulation (EC) No 1766/92 on the common organisation of the market in cereals}*, Article 24 of Regulation (EC) No 1785/2003 *{repealing Regulation (EC) No 3072/95 on the common organisation of the market in rice}*, Article 23 of Regulation (EC) No 2201/96, Article 40 of Regulation No 1254/1999, Article 38(1) of Regulation No 1255/1999 and Article 45 of Regulation (EC) No 1260/2001, Malta may grant special temporary State aid to support the purchase of imported agricultural products which before accession benefited from export refunds or which were imported from third countries without duties provided that Malta provides a mechanism to guarantee that the support is effectively passed on to the consumers. The aid shall be calculated on the basis of, and must not exceed, the price differential between EU prices (including transport) and the world market ones, and shall take into account the level of export refunds."

2. Point 2 is replaced by the following text:

"2. 32003 R 1788: Council Regulation (EC) No 1788/2003 of 29 September 2003 establishing an additional levy in the milk and milk products sector (OJ L 270, 21.10.2003, p. 123):

By way of derogation from Article 8 of Regulation (EC) No 1788/2003, the reference fat content of milk shall be determined for Malta after a period of five years from the date of accession.

Until the reference fat content is determined the comparison [or adjustment] of fat content for the purpose of calculating the additional levy for deliveries as laid down in Article 9 of Regulation (EC) No 1788/2003 shall not be applicable in Malta."

3. After point 5 the following point 5a is inserted:

"5a. 32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common

agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 131(1) and (2) of Regulation (EC) No 1782/2003, in Malta the application of the stocking density shall be gradually phased in on a linear basis from 4,5 LU per hectare for the first year after accession to 1,8 LU per hectare five years after accession. During this period, for determining the stocking density on the holding, account shall not be taken of dairy cows needed to produce the total reference quantity of milk allocated to the producer.

Malta shall submit a report on the implementation of this measure to the Commission by 31 December 2007."

Article 7

Chapter 6.A of Annex XII to the Act of Accession is adapted as follows:

1. Point 4 is replaced by the following text:

"4.31999 R 1254: 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), as last amended by:

32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 3(f) of Regulation (EC) No 1254/1999, Poland may until the end of the year 2004 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under subsection 3 of Regulation (EC) No 1254/1999, provided they have been covered or inseminated by bulls of a meat breed.

* OJ L 281, 4.11.1999, p. 30."

2. The following point 5 is added:

"5.32003 R 1782: Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 270, 21.10.2003, p. 1):

By way of derogation from Article 122(d) of Regulation (EC) No 1782/2003, Poland may until the end of the year 2006 consider cows of the breeds listed in Annex I to Commission Regulation (EC) No 2342/1999 laying down detailed rules for the application of Council Regulation (EC) No 1254/1999 on the common organisation of the market in beef and veal as regards premium schemes*, as eligible for the suckler cow premium under Article 125 of Regulation (EC) No 1782/2003, provided they have been covered or inseminated by bulls of a meat breed."

* OJ L 281, 4.11.1999, p. 30."

Article 8

This Decision shall be drawn up in the Spanish, Czech, Danish, German, Estonian, Greek, English, French, Irish, Italian, Latvian, Lithuanian, Hungarian, Maltese, Dutch, Polish, Portuguese, Slovak, Slovenian, Finnish and Swedish languages, all twenty one texts being equally authentic.

Article 9

This Decision shall enter into force on 1 May 2004 subject to the entry into force of the Treaty of Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia, and the Slovak Republic.

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

1. BUDGET HEADING: Subsection B1		APPROPRIATIONS: 44 762,45 Mio €		
2. TITLE: Proposal for a Council Decision on the adaptation of the Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded, following the reform of the Common Agricultural Policy				
3. LEGAL BASIS: Act of Accession – Article 23				
4. AIMS: To adopt the Accession Treaty following the decision on CAP Reform.				
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2004 (EUR million)	FOLLOWING FINANCIAL YEAR 2005 (EUR million)	
5.0 EXPENDITURE		0	-15,6	
– CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)				
– NATIONAL AUTHORITIES				
– OTHER				
5.1 REVENUE				
– OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)				
– NATIONAL				
	2006	2007	2008	2009
5.0.1 ESTIMATED EXPENDITURE	-32,0			
5.1.1 ESTIMATED REVENUE				
5.2 METHOD OF CALCULATION: See Annex (Heading 1A)				
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				YES
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				YES
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?				NO
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?				NO
OBSERVATIONS: The figures in the Annex have been established in comparison to the financial estimates made at the end of enlargement negotiations in Copenhagen in December 2002. In the Financial implications presented by the Commission following the Council agreement of June 2003 in Luxembourg on the CAP Reform, the most important changes had already been taken into account.				

Annex: Heading 1A

mio €

	2004	2005	2006
Copenhagen 1999 prices	327	2032	2322
Copenhagen current prices	361	2288	2667
	Current prices		
DAIRY			
Premium			
Copenhagen	0	0	46
Proposal		54	130
Difference	0,0	54,0	84,0
Market expenditure			
Copenhagen	154	392	452
Proposal	154	316	332
Difference	0,0	-76,0	-120,0
Increase Protein MGA			
Copenhagen (9.5€/t * yield)	0	1,5	1,8
Increase MGA (200 000 ha * 55€/t)	0	2,8	3,3
Difference	0,0	1,3	1,5
NUTS			
Copenhagen	0	0	0
Proposal (10 400 ha * 120.75)	0,0	1,3	1,3
Difference	0,0	1,3	1,3
DURUM WHEAT			
Copenhagen	0	1,1	0,0
Proposal	0	1,1	1,0
Difference	0,0	0,0	1,0
Dried fodder			
Copenhagen	2,8	7,2	7,2
Processing aid (new and old)	2,8	7,2	3,5
Proposal decoupled farm aid	0	3,6	3,6
Difference	0,0	3,6	-0,1
RICE			
Copenhagen	0	0,1	0,2
Proposal coupled payment	0	0,3	0,3
Proposal decoupled payment	0	0,2	0,2
Difference	0,0	0,3	0,4
Total changes compared to COPENHAGEN	0,0	-15,6	-32,0
Of which already included in CAP-reform calculation in Luxembourg	0,0	-22,0	-36,0