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Subject: EUROPEAN UNION COMMON POSITION
Chapter 11: Agriculture and rural development

EUROPEAN UNION COMMON POSITION

(Revision of CONF-HR 11/09)

Chapter 11: Agriculture and rural development

This position of the European Union is based on its general position for the Accession Conference with Croatia (CONF-HR 2/05), and is subject to the negotiating principles endorsed by the Accession Conference (CONF-HR 5/05), in particular:

- any view expressed by either party on a chapter of the negotiations will in no way prejudice the position which may be taken on other chapters;
- agreements – even partial agreements – reached during the course of the negotiations on chapters to be examined successively may not be considered as final until an overall agreement has been established;

as well as to the requirements set out in points 13, 16, and 26 of the Negotiating Framework.

The EU underlines the importance for Croatia of compliance with the Stabilisation and Association Agreement as well as the Accession Partnership, which constitute basic elements of the pre-accession strategy.

The EU encourages Croatia to continue the process of alignment with the *acquis* and its effective implementation and enforcement, and in general develop already before accession, policies and instruments as close as possible to those of the EU, in particular as regards the paying agency and the Integrated Administration and Control System (IACS) in order to fully implement the Common Agricultural Policy (CAP) by the day of accession.

The EU underlines that the correct use, control, monitoring and evaluation of EU assistance during the pre-accession period will constitute a key indicator of Croatia's ability to implement the financial control *acquis* in relation to this negotiation chapter.

The EU notes that Croatia, in its positions CONF-HR 22/08, as modified by CONF-HR 2/11, accepts the *acquis* under chapter 11 as in force on 1 January 2011, while putting forward a number of requests for transitional measures and derogations.

As an overall response to Croatia's requests for transitional periods, the EU recalls its general negotiating position that transitional measures are exceptional, limited in time and scope, and accompanied by a plan with clearly defined stages for the application of the *acquis*. They must not involve amendments to the rules or policies of the EU, disrupt their proper functioning, or lead to significant distortion of competition.

The EU considers that it should be stipulated in the Act of Accession that the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament may make the adaptations to the provisions of the Act of Accession relating to the CAP which may prove necessary as a result of a modification in Union's rules. Such adaptations may be made already before the date of accession as set out in Article [XX], Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaties on which the European Union is founded (see the Annex of this document).

The EU considers that the Act of Accession should provide for the necessary legal bases to adopt transitional measures under the conditions below.

Where transitional measures are necessary to facilitate the transition from the existing regime in Croatia to that resulting from the application of the CAP under the conditions set out in the agricultural sections of the Act of Accession, such measures shall be adopted by the Commission in accordance with the relevant committee procedure. It should be possible to take such measures during a period of three years following the date of accession and the application thereof shall be limited to that period. However, it should be provided that the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, may extend the said period as set out in Article [XY], Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaties on which the European Union is founded, of the Annex of this document.

Where the transitional measures relate to implementation of the instruments concerning the CAP not specified in the Act of Accession, which are required as a result of accession, they shall be adopted prior to the date of accession by the Council, acting by a qualified majority on a proposal from the Commission or, where they affect instruments initially adopted by the Commission, they shall be adopted by the Commission in accordance with the procedure required for adopting the instruments in question as set out in Article [XY], Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaties on which the European Union is founded, of the Annex of this document.

Horizontal Issues

The EU takes note that Croatia continued to align its legislation with the *acquis*, including by adopting the new Act on State Aid for Agriculture and Rural development, which entered into force as of 1 January 2011. The EU notes that, according to the act, Croatia will apply the national payment scheme similar to the single payment system from 2012.

The EU notes that Croatia has established a paying agency for agriculture, fisheries and rural development and adopted an ordinance on its internal structure and job classifications. The EU further notes that Croatia has adopted an implementation plan for the establishment of an IACS and the setting up of a paying agency, to be fully operational by the date of accession. The EU notes that Croatia plans to have a fully functioning paying agency ready as of the day of accession at the latest, and a fully functional IACS by the end of 2011. The EU further notes that Croatia applies the land parcel identification system (LPIS) as of 2011. The EU also notes that Croatia demonstrated sufficient progress towards the setting-up of this paying agency and the IACS, including LPIS, thus fulfilling the first and second benchmarks set out in the EU common position (CONF-HR 11/09). The EU invites Croatia to continue efforts in order to ensure that management and control systems for expenditure under the CAP are in place as of the date of Croatia's accession to the EU at the latest. The EU notes that it will closely monitor the Croatian progress in this respect and that it will propose appropriate safeguard provisions to be included in the Accession Treaty in order to protect the EU financial interests.

The EU notes that Croatia confirms that it does not foresee problems in applying the system of shared financial management nor in complying with EU requirements as regard public storage and budgetary discipline.

The EU takes note of the information provided by Croatia with regard to the Farm Accountancy Data Network (FADN). The EU notes that the Croatian Institute for Agricultural Extension Service has been nominated as the implementing FADN agency. The EU also takes note that Croatia has carried out a pilot FADN survey in 2010.

The EU takes note of the information provided by Croatia with regard to the implementation of trade mechanisms and market management measures as set out in Council Regulation (EC) No 1234/2007 for agricultural products. The EU underlines the importance of ensuring the establishment of the administrative structures necessary to ensure the implementation and enforcement of the *acquis* in this field.

The EU takes note of Croatia's request to implement, as of the date of accession to the EU, all provisions of the *acquis* related to the use of export refunds and special safeguard measures, as well as other trade measures available to EU Member States. The EU underlines that the *acquis* for these measures will apply to Croatia as of the date of its accession to the EU.

The EU takes note of Croatia's request to have the right to apply protection measures in the event of serious market distortion that could occur after accession to the European Union. The EU considers that this issue should be addressed in a similar way as applied for Member States of the fifth enlargement (Articles 36 and 37 of the Acts of Accession respectively).

The EU takes note that Croatia further aligned its legislation with the *acquis* on State aid, including the provisions necessary to establish a State aid register for agriculture and rural development. The EU underlines that all State aid measures in the field of agriculture have to be brought into line with the *acquis* upon accession.

The EU takes note that Croatia withdraws the request to grant additional direct aid (State aid) in certain sectors. The EU takes note of Croatia's request to continue to grant aid, which has been put into effect before accession, during a transitional period of three years from the date of accession to the EU under the status of existing aid within the meaning of 108(1) of the TFEU (ex-Article 88(1) TEC). In this context, the EU draws attention to the Commission's powers to review and to propose, at any moment, appropriate measures required by the progressive development of the internal market according to the procedures concerning existing aids provided for in Article 108 of the TFEU.

The EU considers that in order to classify upon accession certain aids as existing aid in the sense of Article 1(b) of Council Regulation (EC) No 659/1999 and to have an overview of all State aids applicable in Croatia, it should be provided for in the Act of Accession that Croatia shall hand over, within four months after accession, detailed information concerning all the State aid measures that are to be considered existing aid. The EU also considers that to avoid a situation, in which State aids that have not yet been examined in detail by the Commission would continue to exist for a longer period of time, a specific clause should be introduced in the agricultural chapter of the Act of Accession. The new provision on State aid in the Act of Accession should provide that concerning the aids covered by Articles 107 (ex-Articles 87) and 108 of the TFEU (ex-Article 88 TEC):

Without prejudice to the procedures concerning existing aid provided for in Article 108 of the TFEU (ex-Article 88 TEC), aid schemes and individual aid granted to activities linked to the production, processing or marketing of products listed in Annex I to the TEU and TFEU, with the exception of fisheries products and products derived therefrom, put into effect in a new Member State before the date of accession and still applicable after that date, shall be regarded as existing aid within the meaning of Article 108(1) of the TFEU (ex-Article 88(1) TEC) subject to the following conditions:

- The aid measures shall be communicated to the Commission within four months of the date of accession. This communication shall include information on the legal basis for each measure.
- Existing aid measures and plans to grant or alter aids communicated to the Commission prior to the date of accession shall be deemed to have been communicated on the date of accession. The Commission shall publish a list of such aid.
- These aid measures shall be regarded as ‘existing’ aid within the meaning of Article 108(1) of the TFEU (ex-Article 88(1) TEC) until the end of the third year from the date of accession.

Croatia shall, where necessary, amend these aid measures in order to comply with the guidelines applied by the Commission by the end of the third year from the date of accession at the latest. After that date, any aid found to be incompatible with those guidelines shall be considered as new aid.

The EU notes that on the basis of Article 108 of the TFEU the Commission keeps under constant review all systems of existing aids in the Member States and it can propose, at any moment, appropriate measures required by the progressive development or the functioning of the internal market. In case the Commission finds, after giving notice and submission of the comments, that an existing aid is not compatible with the internal market or it is being misused, it shall decide that the State concerned shall abolish or alter aid within a prescribed time. Non-compliance with such decision of the Commission will result in direct referral of the matter to the Court of Justice of the EU as set out in Annex [V] (b) of the Annex to this document.

The EU notes that the issue of stocks of agricultural products held in Croatia at the date of accession needs to be addressed under two different aspects:

- the taking over of public stocks by the EU and
- the treatment of stocks in free circulation, in particular where these stocks exceed the level of normal carry-over stocks.

The EU also notes that as in past accessions, national security stocks should be disregarded for this exercise, taking into consideration the fact that they will be maintained during a certain period after accession. The EU considers that public stocks held at the date of accession and resulting from Croatia's market-support policy should be taken over by the EU at a value resulting from the application of Article 4(1)(d) and Annex VIII of Commission Regulation (EC) No 884/2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the financing by the European Agricultural Guarantee Fund (EAGF) of intervention measures in the form of public storage operations and the accounting of public storage operations by the paying agencies of the Member States. Croatia's public stocks should only be eligible on the condition that public intervention is operated in the EU for the product concerned and those stocks meet the relevant EU intervention requirements.

The EU considers that for any stocks (private as well as public) in free circulation at the date of accession in Croatia exceeding the level of what can be considered as normal carry-over of stock, Croatia should be charged with a payment to the EU budget. The amount of the payment shall be fixed at a level that reflects the cost related to the effects of the surplus stock on the markets of agricultural products. The EU considers furthermore that the level of the surplus stock should be determined for each product taking into account the characteristics of each product and the relevant markets as well as the EU legislation applicable to it. The EU considers that the Commission should be authorised to implement and apply the arrangements outlined above as set out in Annex [V] (a) of the Annex to this document.

With regard to speculative transactions, the EU underlines that possible market disturbances due to trade deflection resulting from abusive operations exploiting differing trade conditions before and after accession should be dealt with in a precautionary manner, by taking appropriate measures preferably before accession.

The EU considers that this issue should be dealt with by including specific provisions on transitional measures notably providing rules for import and export transactions ongoing at the moment of accession and for taxation of the holders of surplus stocks or, if appropriate, similar transitional measures adopted in respect of certain sectors.

Direct payments

The EU takes note of Croatia's revised request that in case of setting up a possible transitional period by the EU for the phasing-in of direct payments, at least 50 % of annual direct payments are financed by EU funds in the first year of membership, with subsequent annual increase of 10 %.

The EU considers that, in accordance with the Union's approach for the Member States of the fifth enlargement, direct payments should be introduced over a period of ten years with the following schedule of increments expressed as a percentage of the then applicable level of such payments in the EU-15¹:

- 1st year after accession: 25 %
- 2nd year after accession: 30 %
- 3rd year after accession: 35 %
- 4th year after accession: 40 %

thereafter in 10 % increments so as to reach the support level then applicable in the EU-15; as set out in Annex [III], point 4 (t) of the Annex to this document.

The EU takes note of Croatia's revised request that for the calculation of the financial envelope for direct payments for Croatia the period 2005-2007 is taken as a reference period for plant and livestock production except for milk production where the year 2007 is requested as the reference year. The EU takes note of the additional information provided by Croatia on agricultural production during the years 2000-2007. With regard to the national envelope pursuant to Article 40 of Council Regulation (EC) No 73/2009, the EU reiterates that it must be determined on the basis of actual production figures during a reference period to be defined in accordance with the Union's approach for the twelve new Member States. The EU considers Croatia's requests acceptable and sets the total annual amount for direct payments at EUR 373 million excluding the special national de-mining reserve and subject to the phasing in for direct payments as set out in this document; as set out in Annex [III], point 4 (w) of the Annex to this document.

¹ The EU as constituted on 30 April 2004.

The EU further notes that all amounts for direct payments (including the maximum amounts from the special national de-mining reserve) as well as market measures will be added to the ceiling and sub-ceiling in heading 2 of the multi-annual financial framework.

As regards the total envelope for rural development, the EU notes that it consists of two parts, the first part being the so-called Guarantee origin, and the second part the so-called Guidance origin. As set out in the EU Common Position for chapter 22 (CONF-HR 8/2011), the Guidance part shall amount to 14.11% of Croatia's total capped cohesion envelope. The Guarantee origin part will be calculated based on relative shares of utilised agricultural area and agricultural employment in Croatia compared to the EU-12. As was the case in the fifth enlargement, the size of the future Member State has also to be taken into account.

As regards land under mines, the EU takes note of Croatia's request that the calculation of the financial envelope for direct payments includes mined and mine suspected agricultural area, which could not have been used in the reference period. The EU also takes notes of Croatia's request that a special national reserve for mined and mine suspected agricultural area is established and that the special reserve is available in the period of ten years from the date of Croatia's accession to the EU. The EU further notes Croatia's request to take into account for the calculation of the special financial envelope 32,260 hectares of agricultural land.

The EU takes note of the information provided by Croatia in this respect. The EU considers that account should be taken of the exceptional conditions Croatia faces with regard to mined area and mine-suspected agricultural areas and accepts the request for establishment of the special national de-mining reserve available in the period of ten years after accession; as set out in Annex [III], point 4 (m) in the Annex to this document. The EU further considers that the calculation of the financial envelope for the special national de-mining reserve shall be based on the number of hectares of agricultural land de-mined in the period of 2005-2009 and the number of hectares of agricultural land registered as mined and mined suspected on 1 January 2010, as well as the average rate of direct payments per hectare, based on the total annual amount for direct payments. The EU therefore considers an allocation of EUR 9.6 million as the annual envelope for direct payments available for de-mined land. The financial envelope for the special national de-mining reserve will be subject to phasing in as set out in this document. The utilisation of the special national de-mining reserve will be directly linked to the pace of the de-mining and the conversion of de-mined land to use for agricultural activities.

For the allocation of payment entitlements for de-mined areas which are put into agricultural use, a specific provision similar to Article 57(5) of the Council Regulation (EC) No 73/2009 [*allocation of entitlements to farmers in areas subject to restructuring and/or development programmes relating to public intervention*] shall be created.

According to this new provision, Croatia shall allocate payment entitlements from the special national de-mining reserve for farmers who put de-mined areas into agricultural use. The land declared under this new provision shall comply with the definition of "eligible hectare" provided for in Article 34(2) of Regulation (EC) No 73/2009.

In the first year of implementation of the single payment scheme (SPS), Croatia shall constitute the special national de-mining reserve with the total amount of EUR 9.6 million for the purpose of establishing payment entitlements on de-mined lands. In that first year, Croatia shall only use part of the special national de-mining reserve corresponding to the land that has been de-mined and put into agricultural use in the pre-accession period from 2005 until the date of accession and declared by farmers in the first year of implementation of the single payment scheme (SPS).

The EU notes that the level of the entitlement (amount per ha) shall be determined in the same proportion as for basic payment entitlements in the first year of application of the single payment scheme. The EU notes that this should ensure equal treatment of future beneficiaries of payment entitlements from the reserve for de-mined land in relation to other beneficiaries.

As from the second year of the single payment scheme (SPS), Croatia shall establish payment entitlements on the basis of land which has been de-mined and put into agricultural use in the previous year. Consequently, this provision will be used in function of the actual rhythm of the de-mining activities.

The portion of the special national de-mining reserve that has not yet been allocated for payment entitlements in that year will stay unused. The entitlement shall be allocated as the area is returning to agricultural production and as such can only be budgeted after allocation. The Commission shall adopt implementing rules in order to ensure that the special national de-mining reserve is only used for the purpose of this specific provision.

By 31 January of each year, Croatia shall communicate to the Commission the land eligible for aid for the first time and the total amount that has been allocated from the "de-mining reserve" in the previous calendar year.

By the date of accession all mined and de-mined land on which farmers might receive payment entitlements from this reserve shall be precisely identified in the IACS.

After the expiry of the special national de-mining reserve (ten years after the date of accession), the amounts from the special national de-mining reserve which have been allocated shall be added to the national ceiling in a Table 3 of Annex VIII of Council Regulation (EC) No 73/2009.

The EU notes that Croatia withdraws the request that utilised agricultural land that could not be covered by the data of the Central Bureau of Statistics (CBS) is included in the calculation of the financial envelope.

The EU notes that Croatia withdraws the request to have the possibility to include, as area eligible for aid, the unutilised agricultural land that will be put to use during a period of three years following Croatia's accession to the EU, without prejudice to the increase of the financial envelope.

The EU takes note of Croatia's request to gradually introduce into the scope of cross compliance the requirements referred to in Article 4 and laid down in Point A, B and C in Annex II (Statutory Management Requirements) of Council Regulation (EC) No 73/2009 according to the following time schedule: as of 1 January 2014 for Part A, 1 January 2016 for Part B and 1 January 2018 for Part C. The EU considers the request acceptable; as set out in Annex [VI], points 3(l) and 7 of the Annex to this document.

The EU notes that Croatia has modified the request to apply a modified Single Area Payment Scheme and now requests a possibility to use the national reserve within the Single Payment Scheme in accordance with Article 57 of the Council Regulation (EC) No 73/2009. The EU notes that Croatia will apply a national CAP like scheme similar to the Single Payment Scheme as of 1 January 2012 as stipulated in the Act on State Support in Agriculture and Rural Development (OG 92/10). The EU further notes that Croatia, in the framework of the introduction of the Single Payment Scheme model, will apply the mechanism of the national reserve in sensitive sectors in accordance with Article 57 of Council Regulation (EC) No 73/2009 and in accordance with the Act on State Support in Agriculture and Rural Development (OG 92/10). The EU considers the request acceptable on condition that the national reserve does not represent more than 20% of the national envelope and is implemented before the accession as notified to the Commission. The use of the national reserve shall be subject to authorisation by the Commission; as set out in Annex [III], point 4 (k) and (l) of the Annex of this document.

Complementary national direct payments

The EU takes note of Croatia's request to apply, as from the first year of Croatia's membership to the EU, complementary national direct payments (top ups) up to 100 % of the level of direct payments in the EU as constituted on 30 April 2004.

The EU further notes that Croatia requests, in the case of setting up a possible transitional period by the EU for a gradual increase in the share of EU funds in the financing of national envelope direct payments up to the full amount of aid, the possibility of using EU funds from the financial envelope for rural development for complementary national direct payments (top ups) during the first three years of membership. The EU further notes that Croatia requests the possibility of using up to 20% from the European Agricultural Fund for Rural Development (EAFRD) intended for Croatia for the first three years of membership.

Taking into account the level of direct payments in Croatia and the Croatian commitment to introduce the national CAP like scheme similar to the Single Payment Scheme in 2012 the EU considers that Croatia shall have the possibility, subject to authorisation by the Commission of complementing direct aid paid to a farmer under certain CAP schemes listed in Annex I of Council Regulation (EC) No 73/2009 up to 100 % of the level of direct payments in the EU as constituted on 30 April 2004; as set out in Annex [III], point 4 (u) of the Annex to this document.

The total direct support to farmers that may be granted in Croatia after accession including all complementary national direct payments shall not exceed the level of direct support that farmers would be entitled to receive under the corresponding direct payment then applicable to the Member States in the EU as constituted on 30 April 2004. The EU underlines that all national complementary direct payments or aids shall be financed from the national budget.

However, as a temporary and *sui generis* provision, complementary national payments may be partly financed out of the rural development allocation during the three years following Croatia's EU accession. The support granted in respect of the first three years after accession shall not exceed the difference between: a) the level of direct payments applicable in Croatia for the year concerned in accordance with Article 121 of Council Regulation (EC) No 73/2009, and b) 40% of the level of direct payments applicable in the EU as constituted on 30 April 2004 in the relevant year. The EU's contribution to support granted under this provision in Croatia in respect of each of three years shall not exceed 20% of its respective total annual allocation for rural development (EAFRD); as set out in Annex [VII] [C] of the Annex to this document.

The EU notes Croatia's request to have the possibility to grant coupled direct payments for a maximum of 105,270 suckler cows and for a maximum of 542,651 sheep and goats. The EU considers the request acceptable and notes that additional payment to farmers for suckler cows and sheep and goats shall be done within the national ceiling included in a Table 3 of Annex VIII of Council Regulation (EC) No 73/2009, as set out in Annex [III], point 4 (e), (s) and (r) of the Annex to this document.

The EU notes Croatia's requests to set the minimum requirement for receiving direct payments by beneficiaries in Croatia at a level of EUR 100. The EU considers the request acceptable; as set out in Annex [III], point 4 (v) of the Annex to this document.

Common Market Organisation

The EU notes that Croatia further aligned its legislation with the *acquis* in this field, including the adoption of the Act on Organisation of Agricultural Markets partially transposing the Single Common Market Organisation regulation. The EU takes also note that Croatia adopted an implementation plan in order to be fully prepared for the application of the Single Common Market Organisation Regulation (EC) No 1234/2007 by the time of accession in the areas of sugar, milk, fruit and vegetables. The EU also notes that Croatia has demonstrated sufficient progress made towards the setting up of the Single Common Market Organisation to be fully operational by the time of accession, thus fulfilling the third closing benchmark set out in the EU common position (CONF HR 11/09). The EU underlines the importance of achieving full alignment with Council Regulation (EC) No 1234/2007 (Single Common Market Organisation Regulation) by the date of accession.

Sugar

The EU underlines the importance of achieving full compliance upon accession with all essential provisions of the Common Market Organisation regarding sugar sector, in particular with regard to the control of production and stocks, trade with third countries (including an appropriate infrastructure to monitor trade flows), inter-professional agreements and statistical communications. The EU notes the detailed plans including a timetable for the practical implementation of EU requirements in this field provided by Croatia in the framework of the third closing benchmark.

The EU takes note of Croatia's revised request for an annual production quota for sugar of 192,877 tonnes. Due to the adverse climatic conditions in 2003, the EU considers that the sugar production quota shall be determined on the basis of data on consumption and production in the reference period 2004 to 2008. The sugar production quota given to Croatia shall not add a surplus to the EU's sugar balance and shall not exceed the justified domestic consumption in Croatia. On the basis of the justified domestic consumption in the reference period, the EU sets the national sugar production quota for Croatia at 192,877; as set out in Annex [III], point 2 (d) of the Annex to this document. The EU notes Croatia's revised request for a country-specific quota to be approved for a transitional period of three years from the date of accession to the EU, for the import of raw sugar for refining of the amount of 40,000 tonnes annually. The EU takes note of the information provided by Croatia. The EU considers Croatia's request acceptable and notes that an annual autonomous *erga omnes* import quota of 40,000 tonnes of raw cane sugar for refining shall be reserved for Croatia for a transitional period of up to three marketing years following its accession, at an import duty of EUR 98.00 per tonne. The EU further notes that, should negotiations with other Members of the World Trade Organisation according to Article XXIV.6 of the General Agreement on Tariffs and Trade on compensatory adjustment following Croatia's accession to the EU result in the opening of compensatory sugar quotas before the end of the transitional period, the quota of 40,000 tonnes allocated to Croatia shall be terminated, in part or wholly, upon the opening of the compensatory sugar quotas; as set out in Annex [VI], point 8 of the Annex to this document.

The EU also takes note of Croatia's request to recognise the average quantity refined in 2007-2008 as a criterion to grant the status of a full-time refiner in Croatia as laid down in the second indent of point 13 of Part II of Annex III of Council Regulation (EC) No 1234/2007. The EU takes note of the information provided by Croatia on the refining industry. The EU considers the request acceptable; as set out in Annex [III], point 2 (c) of the Annex to this document.

Fruit and vegetables

The EU takes note that Croatia further aligned its legislation with the *acquis*, including the adoption on secondary legislation on producer organisation, marketing standards, and registration of traders. The EU underlines the importance to respect the timeline of the implementation plan for the Common Market Organisation in order to achieving full compliance with the *acquis* upon accession.

The EU notes Croatia's revised request for a transitional period, from the date of Croatia's EU accession until the clearance of stocks, for placing on the Croatian market of products under the names "domaća marmelada" and "ekstra domaća marmelada". The EU considers that the names and composition of these products are not in line with the definition of EU legislation for "jam" and "extra jam" covered by Annex I to Council Directive 2001/113/EC. The EU considers that Croatia's request is acceptable on condition that products from such stocks originated before accession are placed and marketed solely on the Croatian market; as set out in Annex [VI], point 1 of the Annex to this document.

The EU notes that Croatia requests to have the possibility of placing on the EU market the product named "Pekmez" on the basis of the second paragraph of Article 2(1) of Council Directive 2001/113/EC. The EU considers the request acceptable and underlines that the denomination "Pekmez" can be used on the labelling of this product.

Olives

The EU takes note that Croatia withdraws the request to use the year 2009 as a reference period for the definition of olive grove areas eligible under the aid scheme taking account of the fact that it is not anymore relevant under the current *acquis*.

Wine and alcohol

The EU takes note of the implementation plans provided by Croatia regarding the Common Market Organisation and the establishment of the vineyard register in compliance with Article 185a(1) and (2) of Council Regulation (EC) No 1234/2007. The EU takes note that the vineyard register has been fully functional since 1 January 2011. The EU underlines the importance of achieving full compliance upon accession with regard to the management of the Common Market Organisation regarding the wine sector, in particular with Council Regulation (EC) No 1234/2007 and the implementing rules.

The EU takes note of Croatia's request to include the following wine-growing areas in the Appendix to Annex XIb of Council Regulation (EC) No 1234/2007:

- Zone B – areas planted with vines in the sub-regions: Moslavina, Prigorje-Bilogora, Plešivica, Pokuplje, Zagorje-Međimurje;
- Zone C I – areas planted with vines in the sub-regions: Podunavlje and Slavonija;
- Zone C II – areas planted with vines in the sub-regions: Istra, Hrvatsko primorje, Dalmatinska zagora, Sjeverna Dalmacija, Srednja and Južna Dalmacija.

The EU notes that, on the basis of the information provided by Croatia, the request can be considered acceptable on condition that in zone C II the sub-region "Istra" is complemented by the specification "Hrvatska"; as set out in Annex [III], point 2 (i), (j) and (k) of the Annex to this document.

The EU takes note that Croatia withdraws the request to allow enrichment by addition of sucrose in the wine-growing areas of Croatia.

Without prejudice to Article 85g (3) of Council Regulation (EC) No 1234/2007, the EU notes that Croatia withdraws the request for exemption from the prohibition of planting new vineyards prior to the 31 December 2015.

The EU notes Croatia's revised requests to accept the following protected designations of origin for wine:

1. Dalmatinska zagora
2. Dingač
3. Hrvatsko primorje
4. Istočna kontinentalna Hrvatska
5. Istra
6. Moslavina
7. Plešivica
8. Podunavlje
9. Pokuplje
10. Prigorje-Bilogora
11. Primorska Hrvatska
12. Sjeverna Dalmacija
13. Slavonija
14. Srednja i Južna Dalmacija
15. Zagorje - Međimurje
16. Zapadna kontinentalna Hrvatska.

The EU takes note that Croatia will clarify before accession which is/are the traditional term(s) to be used for each protected designation of origin. The EU considers the requests acceptable on condition that the protected designation of origin "Istra" is complemented by the specification "Hrvatska" and underlines that the final list of protected designations of origin for wine to be included in the register of designations of origin and geographical indications on E-Bacchus shall be subject to the outcome of the objection procedure; as set out in Annex [VI], point 5(b) of the Annex to this document.

The EU also takes note of Croatia's request for an exemption from the requirements set out in Article 118(s)(2) and (3) of Council Regulation (EC) No 1234/2007 for a period of one year from the date of its EU accession. The EU considers the request acceptable; as set out in Annex [VI], point 5(b) of the Annex to this document.

The EU notes that Croatia withdraws the request to use the term "fruit wine" (as a composition name accompanied by the indication of the relevant fruit category) for the labelling of products obtained through fermentation of juice or skin of fresh fruits other than grapes.

The EU notes that Croatia withdraws the request for the inclusion of the National List of Recognised Vine Varieties in the existing List of Vine Varieties and their Synonyms that include a geographical indication and that may appear on the labelling of wines, referred to in Article 62(4) of Commission Regulation (EC) No 607/2009.

The EU notes that Croatia withdraws its request to list the term "stolno vino s kontroliranim zemljopisnim podrijetlom" (table wine with controlled geographical origin) or "stolno vino KZP" (table wine with controlled geographical origin), that may be accompanied by the indications "young wine" or "pearl wine" for table wines with controlled geographical origin produced in Croatia.

The EU notes that Croatia requests to include the following traditional terms in part A of the list of traditional terms in Annex XII to Commission Regulation (EC) No 607/2009:

- "kvalitetno vino s kontroliranim zemljopisnim podrijetlom" or "kvalitetno vino ZKP"; the term may be accompanied by the terms "arhivsko vino", "mlado vino" or "desertno vino";
- "vrhunsko vino s kontroliranim zemljopisnim podrijetlom" or "vrhunsko vino KZP"; the term may be accompanied by the terms "arhivsko vino", "desertno vino", "kasna berba", "izborna berba", "izborna berba bobica", "izborna berba prosušenih bobica" or "ledeno vino".
- "kvalitetno biser vino" and
- "vrhunsko pjenušavo vino".

The EU takes note of the information provided by Croatia and considers the requests acceptable.

The EU notes Croatia's revised request to include the traditional terms "Opolo" and "Plavac" in part B of the list of traditional terms in Annex XII to Commission Regulation (EC) No 607/2009. The EU takes note of the information provided by Croatia and considers the request acceptable.

The EU takes note of Croatia's request to include the geographical designation "Samoborski bermet" for aromatized wine in the relevant EU legislation. The EU notes the information provided by Croatia. The EU considers the request acceptable and underlines that the inclusion of that geographical designation in Annex II to Council Regulation (EEC) No 1601/91 shall be subject to the outcome of the objection procedure; as set out in Annex [III], point 7 of the Annex to this document.

The EU takes note that Croatia requests an exemption from the application of EU rules on description and presentation of wines with the denomination "Mlado vino portugizac" during the period necessary to exhaust the stocks available at the time of accession. The EU considers Croatia's request acceptable on condition that products from such stocks shall be placed solely on the Croatian market and on the market of third countries. It also takes note that Croatia shall set up a computerised databank including the stock declarations and shall ensure that the stocks available at the date of accession will be checked and declared to the European Commission; as set out in Annex [VI], point 5(a) of the Annex to this document.

The EU notes Croatia's revised request to include the traditional terms indicated in Annex III of the Negotiating Position in the list of traditional terms in Annex XII of Commission Regulation (EC) No 607/2009. The EU takes note of the information provided by Croatia in this respect and considers the request acceptable.

The EU takes note that Croatia withdraws its request for a transitional period of seven years following Croatia's accession to the EU for the application of the provisions of Council Regulation (EC) No 110/2008 for the products produced and marketed in Croatia under the names "Domaći Rum" and "Domaći Brandy".

The EU takes note of Croatia's request to include the geographical indications "Hrvatska loza", "Hrvatska travarica", "Pelinkovac", "Hrvatska stara šljivovica", "Slavonska šljivovica", and "Zadarski maraschino" in Annex III of Council Regulation (EC) No 110/2008. The EU takes note of the information provided by Croatia. The EU considers the request acceptable and underlines that the final list of geographical indications to be included in Annex III to Regulation (EC) No 110/2008 shall be subject to the outcome of the objection procedure; as set out in Annex [III], point 3(a-d), and Annex [VI] point 6, both in the Annex to this document.

The EU takes note of Croatia's request to use wine production data from the reference period 2005-2007 and the data on vineyards (ha) from 2007 to calculate the financial envelope for the wine sector. The EU considers Croatia's requests acceptable. The total annual amount for the support programme in the wine sector shall be EUR 10,832,000; as set out in Annex [III], point 2(h) of the Annex to this document. Croatia shall, within one month after accession, submit the draft support programme covering the period that remains of the five financial years 2009 to 2013. A derogation from the five year period set out in Article 103k of Regulation (EC) 1234/2007 and in Article 2 of Regulation (EC) 555/2008 shall be included in Annex III to the Accession Treaty; as set out in Annex [III], point 2(b) of the Annex to this document.

Animal products

The EU takes note that Croatia further aligned its legislation with the *acquis* in the field of animal products, in particular with regard to the carcass classification, labelling and reporting of prices and the legal setting up of the milk quota system.

The EU takes note of Croatia's revised request for a national milk production quota of 750,000 tonnes and a restructuring quota amounting to 2% of the national quota that would be released from 1 April of the first quota year after accession to the European Union to the extent on-farm consumption of milk and milk products has decreased in the period 2009-2012. The EU further notes that Croatia requests to be granted at the moment of accession to the EU a 2% one-time increase of quota, in accordance with the annual 1% increase of quota granted to Member States during a five year period until the marketing year 2013/2014.

The EU underlines that the quota for milk must be determined taking account of the most recent historical production figures during a reference period for which data are available and reliable, and the need to avoid adding to EU market surpluses, having regard also to WTO constraints. The EU underlines that based on the *acquis* the national quota is divided into quotas for deliveries and direct sales and that only these two categories of production can be taken into account for quota determination. Production used on the farm as animal feed or for human consumption cannot be taken into consideration in this respect. The EU takes note of the information provided by Croatia with regard to milk production and the milk sector for the years 2002-2007.

The EU notes that Croatia's request of 750,000 tonnes is based on production of milk for delivery (673,000 tonnes) and milk intended for direct sale on the farm (77,000 tonnes) in 2007. Taking into account the increase in milk production during the general reference period for plant and livestock production (2005-2007), the EU considers the request acceptable. In line with the fifth enlargement, the EU considers Croatia's request for a restructuring quota of 2% of the national quota acceptable to be released from 1 April of the first quota year after Croatia's accession to the EU to the extent on-farm consumption of milk and milk products has decreased in the period 2008-[DATE of ACCESSION]; as set out in Annex [III], point 2(f) of the Annex to this document. The decision on releasing the reserve and of its distribution to the deliveries and direct sales quota will be taken by the Commission in accordance with the relevant procedure on the basis of an assessment of a report to be submitted by Croatia by 31 December in the year of accession; as set out in Annex [III], point 2(a) of the Annex to this document. The EU considers that account should be taken of the changes of the CAP granting an annual 1% increase of quota to Member States during the five year period until the marketing year 2013/2014 in order to ensure a "soft-landing" of the EU milk sector when the quota regime expires in 2014/2015. The EU therefore considers Croatia's request for a one-time increase of 2% of the annual national milk quota at the moment of accession acceptable. The EU considers that following this approach the total quota for milk should be set at 765,000 tonnes; as set out in Annex [III], point 2(e) of the Annex to this document. The EU further notes that Croatia has not implemented any support schemes, providing an incentive to farmers to cease commercial milk production and committing them not to deliver/sell milk during one or more years.

The EU notes that Croatia requests, with regard to the national milk production quota, the right to re-allocate the total quota between the quota for direct sales and quota for delivery to dairy plants prior to its accession to the EU, on the basis of actual data on the expected quota for direct sales. The EU considers the request acceptable.

The EU further notes that Croatia requests the reference milk fat content to be set at 4.07% or 40.7 g/kg of milk. The EU considers the request acceptable; as set out in Annex [III], point 2(g) of the Annex to this document.

The EU takes note that Croatia withdraws the request for derogation from the provision of Article 66(2) of Council Regulation (EC) No 1234/2007 to divide the single national milk quota between individual producers until 31 December 2015. The EU notes that Croatia will allocate the milk quota to individual producers by 1 April of the first quota year after the date of accession to the EU.

The EU takes note of the detailed information provided by Croatia and underlines the importance of achieving full compliance upon accession with regard to carcass classification, labelling, marketing standards, price and production statistics and reporting of prices for all animal products.

Rural development

The EU underlines that the negotiations with regard to rural development are exclusively based on the existing *acquis* until 31 December 2013 and do not prejudge future *acquis* under the programming period thereafter.

The EU takes note of the effort made by Croatia regarding the accession preparations in the field of rural development, including the adoption and implementation of the plan for to set up the necessary management and control structures. The EU encourages Croatia to ensure the establishment of the necessary administrative capacity for implementing the EU rural development policy based on its experience with the SAPARD and IPARD instruments. The EU underlines that full implementation of EU requirements in this area is a precondition for applying the rural development measures that are eligible for EU support upon accession. Croatia is therefore reminded that before accession, managing authorities, endowed with stable and trained staffs and independent public control units are required.

The EU takes note that Croatia, with regard to the implementation of the rural development programme financed from the European Agricultural Fund for Rural Development within the framework of the existing programming period (2007–2013) requests the following:

1. National Strategy Plan (NSP) and Rural Development Programme (RDP) shall cover the period from the date of Croatia's accession to the EU to 31 December 2013 (derogation from the time periods laid down in Article 12(1) and Article 15(1) of Council Regulation (EC) No 1698/2005);
2. to submit to the Commission the NSP and the RDP proposal for approval at the latest sixth months before the date of accession;
3. the Commission to approve the RDP within sixth months from the date of receipt of the RDP proposal provided that all the conditions necessary and required by the EU legislation are met by the RDP. In the case of application of Article 18(3) of Council Regulation (EC) No 1698/2005 the sixth month period shall start from the date the revised proposed programme is compliant with the respective regulations and the National Strategy Plan. The programme, if approved within this period, is to be applicable as of the date of accession and in no case earlier;
4. not to submit summary reports on the implementation of NSP (derogation from Article 13 of Regulation (EC) No 1698/2005);
5. not to apply Article 16a (i.e. derogation from Article 16a of Council Regulation (EC) No 1698/2005);

6. not to apply EAFRD compulsory contribution to the RDP for axis 1, 2, 3 and 4 (derogation from Article 17 of Council Regulation (EC) No 1698/2005);
7. expenditures to be eligible for EAFRD contribution if relevant aid is actually paid by 31 December 2016 (derogation from Article 71(1) of Council Regulation (EC) No 1698/2005);
8. to apply "year n+3" rule related to automatic decommitment (derogation from Article 29 of Council Regulation (EC) No 1290/2005);
9. to measure progress of RDP by means of output and result indicators, where their breakdown by sex, age, Less Favoured Areas (LFA) and Convergence regions shall not apply (derogation from Article 81 of Council Regulation (EC) No 1698/2005);
10. in Croatia's case the annual progress report to contain an assessment of the progress of the RDP on the basis of output indicators and the last progress report (by Managing Authority) to be sent to the Commission by 30 June 2017 (derogation from Article 82 of Council Regulation (EC) No 1698/2005);
11. not to prepare and submit a mid-term evaluation report to the Commission (derogation from Article 86 of Council Regulation (EC) No 1698/2005);
12. on-going evaluation to examine the progress of the RDP by means of result indicators and to cover the period by the end of 2016 (derogation from Article 86 of Council Regulation (EC) No 1698/2005);
13. to submit ex-post evaluation by the end of 2016 (derogation from Article 61 of Regulation (EC) No 1974/2006);
14. to have the possibility to continue to contract or enter into commitments with any beneficiary under Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) and Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) until the date of contracting or entering into commitments for the first time under Council Regulation (EC) No 1698/2005. Croatia shall inform the Commission of this date ("cut-off date");
15. multi-annual commitments made under the 2013 RDP shall be paid by EAFRD in the next programming period (starting with 2014) if the conditions related to these commitments for the next programming period (2014-2020) are applied by Croatia.

On the assumption that Croatia accedes to the EU before the end of the current programming period and could have a manageable national programming period, the EU considers the above requests acceptable ; as set out in the following respective parts of the Annexes to the Annex of this document:

For point 1, as set out in Annex [VI], point 3(a) and (c).

For point 2, as set out in Annex [VI], point 3(a).

For point 3, as set out in Annex [VI], point 3(c). As regards point 3, the EU notes that, in any event, the programme cannot be approved before the date of accession.

For point 4, as set out in Annex [VI], point 3(b).

For point 5, as set out in Annex [VI], point 3(d).

For point 6, as set out in Annex [III], point 1(a).

For point 7 as set out in Annex [VI], point 3(g).

For point 8, as set out in Annex [VI], point 2(b).

For point 9, as set out in Annex [VI], point 3(h).

For point 10, as set out in Annex [VI], point 3(i).

For point 11, as set out in Annex [VI], point 3(j).

For point 12, as set out in Annex [VI], point 3(k).

For point 13, as set out in Annex [VI], point 3(k).

For point 14, as set out in Annex [VII], [D].

For point 15, as set out in Annex [VI], point 3(g).

The EU underlines that these requests are exceptionally granted to Croatia due to the specific situation mentioned above and do not prejudice future *acquis* under the programming period thereafter.

The EU takes note of Croatia's revised request to apply transitional measures concerning the "support to semi-subsistence agricultural holdings undergoing restructuring" and the "support for setting up producer groups" as provided for in Article 20(d), 34 and 35 of Council Regulation (EC) No 1698/2005. The EU notes that Croatia, in this respect, requests the possibility of granting the support by end of 31 December 2017. The EU takes also note that, in case that similar measures and/or support will be available for EU Member States in the next programming period (starting in 2014), Croatia agrees to apply them under the conditions that will be defined for that period, and in this case it will not take advantage of the derogation foreseeing application of the current measures by end of 2017. The EU considers that the request to apply transitional measures concerning the "support to semi-subsistence agricultural holdings" and the "support for setting up producer groups" is acceptable. The EU considers the request of Croatia for the extension of the period under Article 34(4), 35(3) of the Council Regulation (EC) No 1698/2005 until 31 December 2017 for the transitional measures on "support to semi-subsistence agricultural holdings" and "support for setting up of producer groups" acceptable provided the requirements of Articles 7 and 9 of Commission Regulation (EC) No 1320/2006 are respected. The EU accepts the requested extension of the "n+2" rule to "n+3" only on the assumption that Croatia accedes to the EU before the end of the current programming period; as set out in Annex [III], point 1(a) and (b), and Annex [VII], [A] and [B]; both in the Annex to this document. The EU recalls that its agreement to the extension of the deadline for de-commitment under the current *acquis* does not prejudice any possible adaptation of rural development policy for the next programming period starting in 2014.

The EU notes Croatia's request to set the minimum of EAFRD contribution to the rural development programme for Axis 4 measures (LEADER) on average at a level which is at least half of the amount or percentage of the budget that will be applicable to the other EU Member States in the next programming period starting in 2014, in case that such requirement is to be set for the next programming period. The EU considers the request acceptable.

The EU notes Croatia's requests that Local Action Groups recognised under the IPARD programme of Croatia are recognised as eligible Local Action Groups under the Rural Development Programme for the current programming period and that their application procedure under the Rural Development Programme is simplified and limited to the presentation of a local development strategy and a related rural territory without describing the Local Action Group's structure to implement it. The EU considers the request acceptable on the assumption that Croatia accedes to the EU before the end of the current programming period; as set out in Annex [VI], point 3(e) of the Annex to this document.

The EU takes note of Croatia's request to apply a support rate of 75% of the amount of eligible investments for the modernisation of agricultural holdings (as provided for in Article 26(2) of Council Regulation (EC) No 1698/2005 and Annex of Council Regulation (EC) No 1698/2005), for the implementation of Council Directive 91/676/EEC (Nitrates Directive), for a period of four years following the date of accession. The EU considers that this request is acceptable; as set out in Annex [III], point 1(d) of the Annex to this document.

The EU also notes Croatia's request that the expenditure relating to the *ex-post* evaluation of the IPARD programme provided for in Article 191 of Commission Regulation (EC) No 718/2007 could be eligible under the technical assistance measure of the rural development programme for the next programming period under a new relevant Regulation. The EU considers that this request is acceptable; as set out in Annex [VI], point 3(f) of the Annex to this document. The EU further notes that Croatia requests that the public procurement procedures for IPARD measures, as requested in Article 121(1) of Commission Regulation (EC) No 718/2007, shall cease to apply and shall be carried out in accordance with EU legislation with the date of accession to the EU. The EU considers this request acceptable on condition that Croatia has transposed the EU public procurement legislation into national legislation by the date of its accession to the EU, otherwise IPARD rules shall continue to apply until the properly adapted national legislation is adopted.

Quality policy

The EU notes that Croatia further aligned its legislation with the *acquis* in this field. The EU also notes that Croatia started establishing a national system for the registration of agricultural products' names as designation of origin, geographical indication and traditional speciality. The EU takes note of Croatia's request to submit, not later than 12 months after the day of accession to the EU, applications for the registration at EU level of agricultural products and food stuffs' names that, on the date of accession, are already registered and protected at the national level as designations of origin, geographical indications or traditional speciality guaranteed. The EU considers the request acceptable. The EU also notes Croatia's commitment to ensure protection of geographical indications and designations of origin registered at the EU level as from the date of its accession to the EU. The EU underlines that the national protection of geographical indications and designations of origin existing on the date of Croatia's accession to the EU may continue for twelve months from that date. Where an application for registration is forwarded to the Commission by the end of the abovementioned period such protection shall cease on the date on which the decision on registration is taken. The consequence of such national protection, where a name is not registered at European level shall be the sole responsibility of the Member State concerned. The EU underlines that the protection of geographical indications and designations of origin registered at the EU level must be ensured by Croatia from the date of its accession to the EU; all as set out in Annex [IV], point 4(a) and (b) of the Annex to this document.

Organic farming

The EU notes that Croatia further aligned its legislation with the *acquis* in the field of organic farming, including the adoption of implementation acts on processing, packaging, transport and storage of organic products. The EU notes that Croatia will adopt the Action Plan for the Development of Organic Agriculture in Croatia for 2010-2015 in the first half of 2011. The EU underlines the importance that for organic farming an efficient control system including the supervision by a competent authority is in place as of Croatia's accession to the EU.

The EU takes note that Croatia withdraws its request to use, during a transitional period of 5 years following its accession to the EU, untreated conventionally produced seeds and planting material in organic farming.

Most of the *acquis* in the field of agriculture applies directly from accession and does not therefore call for transposition. The EU underlines, however, that Croatia's ability to implement and enforce the *acquis* is of paramount importance. In order to ensure the smooth execution of the CAP after accession, Croatia has to demonstrate, sufficiently ahead of accession, that it possesses the administrative capacity for effective implementation and enforcement of the *acquis*. In this light, the EU will closely monitor progress in carrying out all implementation plans, in line with timetables where these have been submitted. An equally important element in ensuring the smooth application of the CAP after accession is that Croatia has the necessary mechanisms in place needed for the management of the Common Market Organisation.

* * *

In view of all these considerations, the EU notes that, at this stage, this chapter does not require further negotiations.

Monitoring of progress in the alignment with and implementation of the *acquis* will continue throughout the negotiations. The EU underlines that it will devote particular attention to monitoring all specific issues mentioned above with a view to ensuring the further strengthening of Croatia's administrative capacity, in particular with regard to the paying agency, the IACS, the single Common Market Organisation as well as the direct support schemes. The EU underlines the importance of a continuous and sustainable effort which has to be made in order to be fully compliant by accession. Particular consideration needs to be given to the links between the present chapter and other negotiation chapters. In addition to all the information the EU may require for the negotiations in this chapter and which is to be provided to the Conference, the EU invites Croatia to provide regularly detailed written information to the Stabilisation and Association Council on progress in the implementation of the *acquis*.

In view of the above considerations, the EU will, if necessary, return to this chapter at an appropriate moment.

Furthermore, the EU recalls that there may be new *acquis* between 1 January 2011 and the conclusion of the negotiations.

Annex

LEGAL AMENDMENTS ARISING FROM THE DCP

Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaties on which the European Union is founded

ARTICLE [XX]

The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, may make the adaptations to the provisions of this Act relating to the common agricultural policy which may prove necessary as a result of a modification in Union rules. Such adaptations may be made before the date of accession.

ARTICLE [XY]

If transitional measures are necessary to facilitate the transition from the existing regime in Croatia to that resulting from the application of the common agricultural policy under the conditions set out in this Act, they shall be adopted by the Commission in accordance with the procedure referred to in Article 195(2) of Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)¹ in conjunction with Article 13(1)(b) of Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers² or the relevant procedure as determined in the applicable legislation. They may be adopted during a period of three years following the date of accession and their application shall be limited to that period. The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, may extend this period.

¹ OJ L 299, 16.11.2007, p. 1.

² OJ L 55, 28.2.2011, p. 13.

Transitional measures may also be adopted prior to the date of accession, if necessary. Such measures shall be adopted by the Council acting by a qualified majority on a proposal from the Commission or, where they affect instruments initially adopted by the Commission, they shall be adopted by the Commission in accordance with the procedures referred to in the first paragraph.

ANNEX [III]

List referred to in Article [19] of the Act of Accession: adaptations to acts adopted by the institutions

[X.] AGRICULTURE

1. 32005 R 1698: Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1 and OJ L 286 M , 4.11.2010, p. 26):
 - (a) In Article 17, the following paragraph is added:
'4. Paragraphs 1, 2 and 3 shall not apply to Croatia.'
 - (b) Article 20 (d) (i) is replaced by the following:
'(i) supporting semi-subsistence agricultural holdings undergoing restructuring (for Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia);'
 - (c) Article 20 (d) (ii) is replaced by the following:
'(ii) supporting the setting up of producer groups (for Bulgaria, the Czech Republic, Estonia, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia);'

- (d) In the fourth column of Annex I, in the rows relating to Article 26(2), the sixth paragraph shall be replaced by the following:

'Of the amount of eligible investment in the Member States which acceded to the Community on 1 May 2004, and in Bulgaria, Romania and Croatia, for the implementation of Council Directive 91/676/ EEC (¹) within a maximum period of four years from the date of accession pursuant to Articles 3(2) and 5(1) of that Directive'.

2. 32007 R 1234: Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p. 1):

- (a) In Article 66, the following paragraph is inserted after paragraph 4:

'4a. For Croatia a special restructuring reserve shall be established as set out in point 2 of Annex IX. This reserve shall be released as from 1 April of the first quota year after accession to the extent that the on-farm consumption of milk and milk products in Croatia has decreased in the period 2008-[YEAR]. 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 195(2) of Regulation (EC) No 1234/2007 on the basis of an assessment of a report to be submitted by Croatia by 31 December [YEAR].'

- (b) In Article 103k (1), the following subparagraph is added:

'Croatia shall, within one month after the date of accession , submit a draft support programme for the remaining period of the five financial years 2009 to 2013.'

¹ Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1).

(c) In Annex III, Part II, point 13 is amended as follows:

'13. "full time refiner" means a production unit:

- of which the sole activity consists of refining imported raw cane sugar,
or
- which refined in the marketing year 2004/2005 a quantity of at least 15,000 tonnes of imported raw cane sugar. For the purpose of this paragraph, in the case of Croatia the marketing year shall be that of 2007/2008.'

(d) Annex VI is replaced by the following:

'ANNEX VI
NATIONAL AND REGIONAL QUOTAS
from the 2010/2011 marketing year onwards

(in tonnes)

Member States or regions (1)	Sugar (2)	Isoglucose (3)	Inulin syrup (4)
Belgium	676 235,0	114 580,2	0
Bulgaria	0	89 198,0	
Czech Republic	372 459,3		
Denmark	372 383,0		
Germany	2 898 255,7	56 638,2	
Ireland	0		
Greece	158 702,0	0	
Spain	498 480,2	53 810,2	
France (metropolitan)	3 004 811,15		0

French overseas departments	432 220,05		
Croatia	192 877,0		
Italy	508 379,0	32 492,5	
Latvia	0		
Lithuania	90 252,0		
Hungary	105 420,0	220 265,8	
Netherlands	804 888,0	0	0
Austria	351 027,4		
Poland	1 405 608,1	42 861,4	
Portugal (mainland)	0	12 500,0	
Autonomous Region of the Azores	9 953,0		
Romania	104 688,8	0	
Slovenia	0		
Slovakia	112 319,5	68 094,5	
Finland	80 999,0	0	
Sweden	293 186,0		
United Kingdom	1 056 474,0	0	
TOTAL	13 529 618,20	690 440,8	0

- (e) In Annex IX, point 1, the following is inserted after the entry for France in the columns relating to the production years 2013/14 and 2014/15:

Member State	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Croatia						765 000	765 000

(f) In Annex IX, point 2, the table is replaced by the following:

Member State	Tonnes
Bulgaria	39 180
Croatia	15 000
Romania	188 400

(g) In Annex X, the following is inserted after the entry for France:

Croatia	40,70
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(h) In Annex Xb, the following table is added :

in 1 000 EUR

Budget year			The budget year of accession	From the first budget year after date of accession and onwards
HR			10 832	10 832

(i) In point 2 of the Appendix to Annex XIb, the following is added:

'(h) in Croatia, the areas planted with vines in the following sub-regions: Moslavina, Prigorje-Bilogora, Plešivica, Pokuplje, Zagorje-Međimurje.'

(j) In point 3 of the Appendix to Annex *XIb*, the following is added:

'(h) in Croatia, areas planted with vines in the following sub-regions: Podunavlje and Slavonija.'

(k) In point 4 of the Appendix to Annex *XIb*, the following is added:

'(g) in Croatia, areas planted with vines in the following sub-regions: Hrvatska Istra, Hrvatsko primorje, Dalmatinska zagora, Sjeverna Dalmacija, Srednja and Južna Dalmacija.'

3. 32008 R 0110: Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16):

(a) In Annex III, point 9, the following geographical indications for spirit drinks are inserted at the end of the list corresponding to category "Fruit spirit":

	<i>Hrvatska loza</i>	Croatia
	<i>Hrvatska stara šljivovica</i>	Croatia
	<i>Slavonska šljivovica</i>	Croatia

(b) In Annex III, point 32, the following geographical indication is added at the end of the list corresponding to category "Liqueur":

	<i>Pelinkovac</i>	Croatia
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(c) In Annex III, the following point is inserted after point 34:

39. <i>Maraschino, Marrasquino or Maraskino</i>	<i>Zadarski maraschino</i>	Croatia
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- (d) In Annex III, under "Other spirit drinks", the following geographical indication is added at the end of the list:

	<i>Hrvatska travarica</i>	Croatia
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4. 32009 R 0073: Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p. 16):

- (a) Article 2(g) is replaced by the following:

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

- (b) Article 6(2), first subparagraph, is replaced by the following:

'2. The Member States other than the new Member States shall ensure that land which was under permanent pasture at the date provided for the area aid applications for 2003 is maintained under permanent pasture. The new Member States other than Bulgaria, Croatia and Romania shall ensure that land which was under permanent pasture on 1 May 2004 is maintained under permanent pasture. Bulgaria and Romania shall ensure that land which was under permanent pasture on 1 January 2007 is maintained under permanent pasture. Croatia shall ensure that land which was under permanent pasture on [DATE OF ACCESSION] is maintained under permanent pasture.'

- (c) Article 33(1)(b)(iv) is replaced by the following:

'(iv) pursuant to Article 47(2), Article 57(a), Article 59, the third subparagraph of Article 64(2), Article 65 and Article 68(4)(c).'

- (d) In Article 51(1), the following subparagraph is added at the end of the paragraph:

'Croatia may decide to make use of the options provided for in Articles 52 and 53(1) of this Regulation. This decision shall be notified to the Commission within one month from the date of the accession.'

- (e) In Article 51(2), the following subparagraph is added at the end of the paragraph:

'By way of derogation from the second subparagraph, in the case of Croatia, this ceiling is determined on the basis of the national ceilings set out in Articles 104(4) and 112(5) of this Regulation as regards respectively sheep meat and goat meat payments and beef and veal payments, taking into account the schedule of introduction of direct payments laid out in Article 121.'

- (f) In Article 52, the following subparagraph is inserted after the first subparagraph:

'By way of derogation from the first subparagraph, Croatia may retain up to 50% of the amount resulting from the ceiling referred to in the third subparagraph of Article 51(2) in order to make, on a yearly basis, an additional payment to farmers.'

- (g) In Article 53(1), the following subparagraph is inserted after the first subparagraph:

'By way of derogation from the first subparagraph, Croatia may retain all or part of the amount resulting from the ceiling referred to in the third subparagraph of Article 51(2) in order to make, on a yearly basis, an additional payment to farmers.'

- (h) The title of Chapter 3 is replaced by the following:

'Implementation in the new Member States having applied the single area payment scheme and in Croatia'.

- (i) The title of Article 55 is replaced by the following:

'Introduction of the single payment scheme in the Member States having applied the single area payment scheme and in Croatia.'

- (j) In Article 55(1), the first subparagraph is replaced by the following:

'Save as otherwise provided for in this Chapter, this Title shall apply to the new Member States having applied the single area payment scheme provided for in Chapter 2 of Title V and to Croatia.'

- (k) In Article 57(1), the following sentence is added:

'For Croatia this reduction shall not be higher than 20% of the respective annual ceiling as indicated in table 3 of Annex VIII.'

- (l) In Article 57(3), the following sentence is added:

'In Croatia, the use of the national reserve shall be subject to authorisation by the Commission by means of an implementing act without the assistance of the Committee referred to in Article 141. The Commission shall examine, in particular, the establishment of any national direct payment scheme applicable prior to the date of accession and the conditions under which it applied.'

- (m) After Article 57, the following Article 57*a* is inserted:

'Article 57*a*

Special national demining reserve in Croatia

1. Croatia shall create a special national demining reserve which shall be used for the purpose of allocating, during the period of ten years after accession and in accordance with objective criteria and in such way as to ensure equal treatment between farmers and to avoid market and competition distortions, payment entitlements to farmers with de-mined land returning to use for agricultural activities.
2. Land eligible for allocation of payment entitlements under this Article shall not be eligible for allocation of payment entitlements under Article 59 and 61.
3. The value of the payment entitlements established under this Article shall not be higher than the value of the payment entitlements established in accordance with Article 59 and Article 61 respectively.
4. The maximum amounts allocated to the special national de-mining reserve is of EUR 9 600 000 and are subject to the schedule of introduction of direct payments set out in Article 121. The maximum amounts shall be as follows:

(EUR 1000)

Croatia	1 st year	2 nd year	3 rd year	4 th year	5 th year	6 th year	7 th year	8 th year	9 th year	10 th year
Maximum amount for the specific national demining reserve	2 400	2 880	3 360	3 840	4 800	5 760	6 720	7 680	8 640	9 600

5. In the first year of implementation of the single payment scheme Croatia shall allocate payment entitlements to the farmers on the bases of the land which has been demined and declared by farmers in the aid applications submitted in the first year of implementation of the single payment scheme and returned to use for agricultural activities between 1 January 2005 and the date of accession.
6. In the following years and up to [ten years after the date of accession], payment entitlements shall be allocated to farmers on the basis of the de-mined land declared by the farmers in year in question on condition that such land was returned to use for agricultural activities during the previous calendar year, and which has been notified to the Commission according to paragraph 9.
7. In order to ensure an appropriate use of European funds, the Commission shall, by means of a delegated act, modify the ceiling in table 3 of Annex VIII to this Regulation in order to add therein the amounts from the special national demining reserve which have been allocated by [TEN YEARS AFTER THE DATE OF ACCESSION].
8. All land declared for the purpose of this Article shall comply with the definition of eligible hectare provided for in Article 34(2).
9. Croatia shall notify to the Commission, at the latest one month after the date of accession, the area of land eligible according to paragraph 5, indicating both land eligible for the support levels according to Article 59, and land eligible for the support levels according to Article 61. This notification shall also include information on the corresponding budgetary envelopes and the unused amounts. In following years, a communication with the same information shall be notified to the Commission no later than 31 January and shall cover the previous calendar year on area returned to use for agricultural activities and the corresponding budgetary envelopes.

10. By the date of accession, all mined and de-mined land on which farmers might receive payment entitlement from this special national demining reserve shall be identified in the integrated administration and control system established in accordance with Chapter 4 of Title II of this Regulation.'

(n) In Article 59, the following paragraph is added:

'4. In order to have an efficient administration of the entitlements by Member States, the Commission shall, by means of delegated acts, adopt rules on the initial allocation of payment entitlements in Croatia.'

(o) Article 61 is replaced by the following :

'The new Member State may also, in accordance with objective and non-discriminatory criteria, determine, within the regional ceiling established under Article 58 or part of it, different per unit values of the payment entitlements to be allocated to farmers referred to in Article 59(1):

- (a) for hectares of grassland as identified on 30 June 2008 and for any other eligible hectare;
- or
- (b) for hectares of permanent pasture as identified on 30 June 2008 and for any other eligible hectare.

For Croatia, the above mentioned dates shall be 30 June 2010.'

(p) In Article 69(1), the following is added in the first subparagraph:

'Croatia may decide, by the date of accession at the latest, to use from the first year of the implementation of the single payment scheme as provided for in Article 59(2) up to 10% of the national ceiling referred to in Article 40 as indicated in table 3 of Annex VIII'.

(q) In Article 69(9), the following is added in the first subparagraph:

'(c) specified for the year [year of accession +9] in the case of Croatia.'

(r) Article 104(4) is replaced by the following:

'The following national ceilings shall apply:

Member States	National ceiling
Bulgaria	2 058 483
Czech Republic	66 733
Denmark	104 000
Estonia	48 000
Spain	19 580 000
France	7 842 000
Croatia	542 651
Cyprus	472 401
Latvia	18 437
Lithuania	17 304
Hungary	1 146 000
Poland	335 880
Portugal	2 690 000
Romania	5 880 620
Slovenia	84 909
Slovakia	305 756
Finland	80 000
Total	41 273 174

(s) In Article 112(5), the following is inserted after the entry for France:

Croatia	105 270
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(t) Article 121 is replaced by the following:

In the new Member States other than Bulgaria, Croatia and Romania, 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 Member States other than the new Member States:

- 60 % in 2009,
- 70 % in 2010,
- 80 % in 2011,
- 90 % in 2012,
- 100 % as from 2013.

In Bulgaria and Romania, 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 Member States other than the new Member States:

- 35 % in 2009,
- 40 % in 2010,
- 50 % in 2011,
- 60 % in 2012,
- 70 % in 2013,
- 80 % in 2014,
- 90 % in 2015,
- 100 % as from 2016.

In Croatia, 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 Member States other than the new Member States:

- 25 % in [1st year after accession],
- 30 % in [2nd year after accession],
- 35 % in [3rd year after accession],
- 40 % in [4th year after accession]
- 50% in [5th year after accession]
- 60% in [6th year after accession]
- 70% in [7th year after accession]
- 80% in [8th year after accession]
- 90% in [9th year after accession]
- 100% as from [10th year after accession] '

(u) In Article 132(2), a new point (c) is inserted:

'(c) By way of derogation from points (a) and (b) , Croatia shall have the possibility to complement direct payments up to 100% of the level applicable in Member States other the new Member States,'

(v) In Annex VII, the following is inserted after the entry for France:

Croatia	100	1 ha
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(w) In Annex VIII, a new table 3 is added:

Table 3 (*)

Member State	1 st year	2 nd year	3 rd year	4 th year	5 th year	6 th year	7 th year	8 th year	9 th year	10 th year and subsequent years
Croatia	93 250	111 900	130 550	149 200	186 500	223 800	261 100	298 400	335 700	373 000

(*) Ceilings calculated taking into account of the schedule of increments provided for in Article 121.

5. 31991 R 1601: Council Regulation (EEC) No 1601/91 of 10 June 1991 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails (OJ L 149, 14.6.1991, p. 1):

In Annex II, the following is inserted after the geographical designation "Nürnberger Glühwein":

'Samoborski bernet'.

List referred to in Article [21] of the Act of Accession: other permanent provisions

[X.] AGRICULTURE

(a) Treaty on the Functioning of the European Union, Part Three, Title III, Agriculture and Fisheries

1. Public stocks held at the date of accession by Croatia and resulting from its market-support policy shall be taken over by the Union at the value resulting from the application of Article 4(1)(d) and Annex VIII of Commission Regulation (EC) No 884/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the financing by the European Agricultural Guarantee Fund (EAGF) of intervention measures in the form of public storage operations and the accounting of public storage operations by the paying agencies of the Member States¹. The said stocks shall be taken over only on condition that public intervention for the product in question is operated in the Union and that the stocks meet the Union intervention requirements.
2. For any stocks (private as well as public) in free circulation at the date of accession in Croatia exceeding the level of what can be considered as normal carry over of stock Croatia should be charged with a payment to the EU budget.

The amount of the payment shall be fixed at a level which reflects the cost related to the effects of the surplus stock on the markets of agricultural products.

The level of the surplus stock should be determined for each product taking into account the characteristics of each product and the relevant markets as well as the EU legislation applicable to it.

¹ OJ L 171, 23.6.2006, p. 35 and OJ L 326 M, 10.12.2010, p. 70.

3. The stocks referred to in paragraph 1 shall be deducted from the quantity exceeding the normal carry-over of stocks.
 4. The Commission shall implement and apply the arrangements outlined above in accordance with the procedure laid down in Article 41(2) of Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy¹ or, as appropriate, in accordance with the procedure referred to in Article 195(2) of Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)² or the relevant committee procedure as determined in the applicable legislation.)
- (b) **Treaty on the functioning of the European Union, Part Three, Title VII, Chapter 1, Rules on competition**

Without prejudice to the procedures concerning existing aid provided for in Article 108 of the TFEU, aid schemes and individual aid granted to activities linked to the production of and trade in products listed in Annex I to the TEU and the TFEU with the exception of fisheries products and products derived therefrom, put into effect in the new Member State before the date of accession and still applicable after that date, shall be regarded as existing aid within the meaning of Article 108(1) of the TFEU subject to the following condition:

– the aid measures shall be communicated to the Commission within four months from the date of accession. This communication shall include information on the legal basis for each measure. Existing aid measures and plans to grant or alter aids communicated to the Commission prior to the date of accession shall be deemed to have been communicated on the date of accession. The Commission shall publish a list of such aids.

¹ OJ L 209, 11.08.2005, p. 1.

² OJ L 299, 16.11.2007, p. 1.

These aid measures shall be regarded as ‘existing’ aid within the meaning of Article 108(1) of the TFEU for three years from [DATE of ACCESSION].

Croatia shall, where necessary, amend these aid measures in order to comply with the guidelines applied by the Commission by the end of the third year from [DATE OF ACCESSION] at the latest. After that date, any aid found to be incompatible with those guidelines shall be considered as new aid.

ANNEX [VI]

List referred to in Article [23] of the Act of Accession: Transitional measures

[X.] AGRICULTURE

1. 32001 LO 113: Council Directive 2001/113/EC of 20 December 2001 relating to fruit jams, jellies and marmalades and sweetened chestnut purée intended for human consumption (OJ L 10, 12.1.2002, p. 67):

'By way of derogation from the obligation laid down in Article 8, the marketing of products designated under the names "domaća marmelada" and "ekstra domaća marmelada" shall be permitted on the Croatian market until the clearance of the stock existing at the date of the accession of Croatia.'

2. 32005 R 1290: Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy (OJ L 209, 11.8.2005, p. 1 and OJ L 286 M, 4.11.2010, p. 1):

(a) By way of derogation from Article 28, paragraphs 1 and 3, the last annual accounts for the rural development programme of Croatia shall be presented to the Commission by 30 June 2017 and cover the expenditure incurred by the paying agency up to 31 December 2016, and the deadline for the submission of the last annual execution report and documentation needed for the clearance of accounts for the last execution year shall be 30 June 2017.

(b) By way of derogation from Article 29(1), (2), (4) and (5), an " N+3" rule shall be applied to Croatia so that: in paragraph 1, the automatic decommitment shall apply by 31 December of the third year following that of the budget commitment (N + 3); in paragraph 2, the automatic decommitment shall apply to that part of budget commitments still open on 31 December 2016 for which a declaration of expenditure has not been made by 30 June 2017; in paragraph 4, the deadline to provide substantiated notification to the Commission shall be 31 December of year N + 3; and in paragraph 5, the reference date shall be 31 December of year N + 3.

3. 32005 R 1698: Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005, p. 1 and OJ L 286 M , 4.11.2010, p. 26):

(a) By way of derogation from Article 12(1), second subparagraph, the national strategic plan prepared by Croatia shall cover the period from [DATE OF ACCESSION] to 31 December 2013. Croatia shall send the national strategic plan to the European Commission no later than six months before the [DATE OF ACCESSION].

(b) By way of derogation from Article 13(1), Croatia shall be exempted from submitting to the Commission a summary report setting out the progress made in implementing its national strategy plan and objectives and its contribution to the achievement of the Community strategic guidelines.

(c) By way of derogation from Article 15(1), second subparagraph, the rural development programme established by Croatia shall cover the period from [DATE OF ACCESSION] to 31 December 2013.

Croatia shall send the rural development programme to the European Commission no later than six months before the date of accession and after submitting the national strategy plan. The programme shall apply at the earliest from the date of accession.

- (d) By way of derogation from Article 16a(1) and 16a(3), Croatia shall be exempted from including in the rural development programme a reference to the specific operations related to certain priorities. Croatia shall, however, have the possibility to apply Article 16a(2) until 31 December 2013. As a consequence, paragraphs 2a, 5a, 5b and 5c of Article 69 shall not apply to Croatia.
- (e) By way of derogation from Article 62(1), the Local Action Groups recognised under the IPARD programme for Croatia are to be recognised as eligible Local Action Groups under the Rural Development Programme for Croatia for the current programming period [DATE of ACCESSION] and their application selected under the Rural Development Programme is to be simplified and limited to the presentation of a local development strategy and a related rural territory without describing the Local Action Group's structure to implement.
- (f) By way of derogation from Article 66(2) and as regards the implementation of the IPARD programme for Croatia, expenditure relating to the ex-post evaluation of the IPARD programme provided for in Article 191 of Regulation (EC) No 718/2007 may be eligible under the technical assistance measure of the rural development programme for the period 2014-2020 under a new relevant Regulation.
- (g) By way of derogation from Article 71(1), first subparagraph, expenditure shall be eligible for a EAFRD contribution if the relevant aid is actually paid by the paying agency between the [DATE OF ACCESSION] and 31 December 2016.

The expenditure relating to multi-annual commitments made under the rural development programme [DATE OF ACCESSION – 2013] shall be eligible for co-financing in the next programming period (starting with 2014) if the conditions related to these commitments for the next programming period (2014-2020) are applied by Croatia.

- (h) By way of derogation from Article 81, paragraph 3, Croatia shall measure the progress, efficiency and effectiveness of rural development programmes in relation to their objectives by means of output and result indicators, where their breakdown by sex, age, LFA and Convergence regions shall not apply.
- (i) By way of derogation from Article 82(1), the Croatian Management Authority shall send the Commission an annual progress report on the implementation of the rural development programme for the first time by 30 June of the year following the [YEAR of ACCESSION] and a last progress report by 30 June 2017.
- (j) By way of derogation from Article 84(1), Article 86(2) (d) and Article 86(6), the Croatian Management Authority shall be exempted from submitting a mid-term evaluation report.
- (k) By way of derogation from Article 86(5), the Croatian on-going evaluation shall take the form of a separate ex-post evaluation report in 2016.

Ongoing evaluation organised on the initiative of the Managing Authorities in cooperation with the Commission shall be organised on a multiannual basis and cover the period until 2016.

- (l) By way of derogation from Articles 50a and 51 of Council Regulation (EC) No 1698/2005, beneficiaries in Croatia shall respect the statutory management requirements laid down in points A, B and C of Annex II to Council Regulation (EC) No 73/2009 according to the following time schedule: as of 1 January 2014 for point A, as of 1 January 2016 for point B and as of 1 January 2018 for point C.”
- (m) In Article 51, the following new paragraph 3a is inserted after paragraph 3:

'3a. By way of derogation from paragraph 1, for beneficiaries in Croatia, the mandatory requirements to be respected are those provided for in Article 6 and Annex III to Council Regulation (EC) No 73/2009.

The derogation provided for in the first subparagraph shall apply until 31 December 2013. As from 1 January 2014, beneficiaries in Croatia shall respect the statutory management requirements referred to in Annex II to Regulation (EC) No 73/2009 according to the following timetable:

- (a) requirements referred to in Point A of Annex II shall apply from 1 January 2014;
- (b) requirements referred to in Point B of Annex II shall apply from 1 January 2016;
- (c) requirements referred to in Point C of Annex II shall apply from 1 January 2018.”

4. 32006 R 0510: Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (OJ L 93, 31.03.2006, p. 12 and OJ L 335 M, 13.12.2008, p. 213):

a) In Article 5(8), the second sub-paragraph is amended as follows:

'Bulgaria, Romania and Croatia shall introduce the said laws, regulations or administrative provisions not later than one year after the date of accession.'

(b) Article 5(11) is amended as follows:

'11. In the case of Bulgaria, Romania and Croatia, the national protection of geographical indications and designations of origin existing on the date of their accession may continue for twelve months from the date of their accession.

Where an application for registration under this Regulation is forwarded to the Commission by the end of the abovementioned period such protection shall cease on the date on which a decision on registration under this Regulation is taken.

The consequences of such national protection, where a name is not registered under this Regulation, shall be the sole responsibility of the Member State concerned.'

5. 32007 R 1234: Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007, p. 1):

(a) In Article 118m, the following paragraph is added:

'5. By derogation from paragraphs 1-4, Croatia shall be allowed to place on the market in Croatia or export to third countries, wines with the denomination "Mlado vino portugizac", until exhaustion of the stocks that were available at the date of accession. Croatia shall set up a computerised databank with information of the stocks available at the date of accession, and shall ensure that these stocks are verified and declared to the European Commission.'

(b) In Article 118s, the following paragraph is added:

'5. For Croatia, the wine names published in OJ C [*insert reference to the information notice*] shall be protected under this Regulation, subject to a favourable outcome of the objection procedure. The Commission shall list them in the register provided for in Article 118n of this Regulation.

Paragraphs 2 to 4 shall apply, subject to the following: The deadline referred to in paragraph 3 shall be one year from the date of accession of Croatia. The deadline referred to in paragraph 4 shall be four years from the date of accession of Croatia. '

6. 32008 R 0110: Council Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16):

In Article 20, the following paragraph is added:

'4. For the established geographical indications of Croatia, the deadline for submission of the technical file referred to in the first paragraph shall be one year following the date of its accession to the European Union.'

7. 32009 R 0073: Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p. 16):
- (a) By way of derogation from the obligation laid down in Article 4(1) of Regulation (EC) No 73/2009 to respect the statutory management requirements listed in Annex II of that Regulation, farmers in Croatia receiving direct payments shall include into the scope of cross compliance the statutory management requirements laid down in Point A, B and C of Annex II according to the following time schedule: as of 1 January 2014 for Part A, as of 1 January 2016 for Part B and as of 1 January 2018 for Part C.
- (b) A new Chapter "1a Single Payment Scheme" is introduced in title V ("Implementation of direct payments in the new Member States") of Regulation (EC) No 73/2009, and the following Article 121a is inserted with the title "Single Payment Scheme in Croatia" in that Chapter:

'Article 121a

Single Payment Scheme in Croatia

For Croatia, the application of Articles 4, 5, 23, 24 and 25 shall be optional until 31 December 2013 insofar as those provisions relate to statutory management requirements. As from 1 January 2014 a farmer receiving payments under the single payment scheme in Croatia shall fulfil the statutory management requirements referred to in Annex II in accordance with the following timetable:

- (a) requirements referred to in Point A of Annex II shall apply from 1 January 2014;
- (b) requirements referred to in Point B of Annex II shall apply from 1 January 2016;
- (c) requirements referred to in Point C of Annex II shall apply from 1 January 2018.'

8. An annual autonomous *erga omnes* import quota of 40,000 tonnes of raw cane sugar for refining shall be reserved for Croatia for a period of up to three marketing years following its accession at an import duty of EUR 98.00 per tonne. Should negotiations with other Members of the World Trade Organisation according to Article XXIV.6 of the General Agreement on Tariffs and Trade on compensatory adjustment following Croatia's accession to the EU result in the opening of compensatory sugar quotas before the end of the transitional period, the quota of 40,000 tonnes allocated to Croatia shall be terminated, wholly or partially, upon the opening of the compensatory sugar quotas. The Commission shall adopt necessary implementing measures in accordance with the procedure referred to in Article 195(2) of Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) in conjunction with Article 13(1)(b) of Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.

ANNEX [VII]

Rural Development (referred to in Article [34] of the Act of Accession)

[SECTION I:]

TEMPORARY ADDITIONAL RURAL DEVELOPMENT MEASURES FOR CROATIA

[A.] Support for semi-subsistence farms undergoing restructuring

The transitional measure concerning "support for semi-subsistence agricultural holdings" (Article 34 of Regulation (EC) 1698/2005) shall be applicable in Croatia. In the rural development legislative framework for programming period 2014-2020, as regards Croatia, a special support for semi-subsistence agricultural holdings shall continue to be granted to farmers in respect of applications approved by 31 December 2017, provided that no similar general measures and/or support is foreseen in the new rural development regulation for programming period 2014-2020.

[B.] Producer groups

The transitional measure concerning "support for setting up producer groups" (Article 35 of Regulation (EC) 1698/2005) shall be applicable in Croatia. In the rural development legislative framework for programming period 2014-2020, as regards Croatia, a special support to facilitate the setting up and administrative operation of producer groups shall continue to be granted to producer groups which are officially recognised by Croatia's competent authority by 31 December 2017, provided that no similar general measures and/or support is foreseen in the new rural development regulation for programming period 2014-2020.

[C.] Complements to direct payments

- (1) Support may be granted to farmers eligible for complementary national direct payments or aids under Article 132 of Council Regulation (EC) No 73/2009¹.
- (2) The support granted to a farmer in respect of the years [year of accession, year of accession + 1, year of accession + 2] shall not exceed the difference between:
 - (a) the level of direct payments applicable in Croatia for the year concerned in accordance with Article 121 of Council Regulation (EC) No 73/2009, and
 - (b) 40% of the level of direct payments applicable in the Union as constituted on 30 April 2004 in the relevant year.
- (3) The Union contribution to support granted under this [subsection C] in Croatia in respect of the years [year of accession, year of accession + 1, year of accession + 2] shall not exceed 20% of its respective total annual EAFRD allocation.
- (4) The Union contribution rate for the complements to direct payments shall not exceed 80%.

[D.] Instrument for pre-accession – Rural development

- (1) Croatia may continue to contract or enter into commitments under the IPARD programme until it begins to contract or enter into commitments under Regulation (EC) No 1698/2005. Croatia shall inform the Commission of the date on which it begins contracting or entering into commitments under Regulation (EC) No 1698/2005.
- (2) The Commission shall adopt the necessary measures to this end in accordance with the procedure referred to in Article 5 of Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers. To that effect, the Commission shall be assisted by the IPA Committee referred to in Article 14(1) of Regulation (EC) No 1085/2006.

¹ Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 (OJ L 30, 31.1.2009, p. 16).