# Briefing

EU Legislation in Progress 20 October 2015



# Organic farming legislation Revision of Regulation on organic production and labelling of organic products

#### **SUMMARY**

The development of organic production is a political objective of the EU. Although its organic market has constantly expanded, the EU's organic land area still represents only 6% of the total agricultural area and the difference between EU demand and production is covered by growing imports. To overcome the regulatory obstacles to the development of the sector and increase consumer confidence in the EU organic logo, in March 2014 the Commission adopted a proposal for a regulation on organic production and labelling of organic products, repealing Regulation No 834/2007. EU Agriculture Ministers agreed in June 2015 on a Council general approach to the proposal. On 13 October 2015, the Parliament's Agriculture Committee voted on its draft report on the proposal and the mandate to begin negotiations with the Council.

Proposal for a Regulation of the European Parliament and of the Council on organic production and labelling of organic products, amending Regulation (EU) No XXX/XXX of the European Parliament and of the Council [Official Controls Regulation] and repealing Council Regulation (EC) No 834/2007.

Committee responsible: Committee on Agriculture and Rural COM(2015) 180

Development (AGRI) of 24.03.2014

Rapporteur: Martin Häusling (Greens/EFA, procedure ref.:

Germany) 2015/0100(COD)

Ordinary legislative

Next steps expected: Trilogue negotiations pro

procedure



This briefing updates an earlier edition, of 10 September 2015: PE 568.317.

#### In this briefing:

- Introduction
- Context
- Existing situation
- The changes the proposal would bring
- Preparation of the proposal
- Stakeholders' views

- Advisory committees
- Council
- National parliaments
- Parliamentary advice
- Legislative process
- Main references

#### Introduction

The sustainable development of organic production is a political objective of the EU, and organic farming in the EU is expected to grow further, in line with consumer demand for healthy products and market developments. In the past 10 years, although the market has expanded fourfold, the EU organic land area has only doubled (see figure 1) and, consequently, the difference between EU demand and production is covered by growing imports. In this context, there is a risk of limitation to the expansion of the organic market as well as the environmental benefits associated with organic farming practices.

On 24 March 2014, the Commission adopted a <u>proposal</u> for a regulation on organic production and labelling of organic products repealing Council Regulation (EC) No 834/2007, intended to:

- overcome the regulatory and non-regulatory obstacles to the development of organic farming in the EU;
- increase consumer confidence and address shortcomings in the control system and in the trade regime;
- avoid unfair competition among producers and risks for the functioning of the internal market, because of gaps in the legislation and implementation and enforcement failures.

To help organic farmers, producers and retailers adjust to the proposed policy changes and meet future challenges, the Commission at the same time approved an Action Plan for the future of Organic Production in the European Union. The implementation of the action plan should bring more synergies with other EU policies, help address specific needs of the organic sector and improve access to third-country markets. Fair competition could be improved with simpler and clearer rules and a move from equivalence to compliance (see box below) for control bodies in third countries. Consumer confidence should be boosted by stricter production rules, taking into account evolving societal concerns on, for example animal welfare or environmental standards. Fraud prevention will be addressed with a more efficient control system, based on risk-assessment, and a more reliable import regime.

#### **Context**

Organic farming is an **overall system of farm management and food production** that respects natural life cycles. It minimises the human impact on the environment and operates as naturally as possible, in accordance with objectives and principles including the following:

 Chemical pesticides and synthetic fertilisers are banned, antibiotics and other substances are severely restricted;

- Genetically modified organisms (GMOs) are banned;
- Crops are rotated so that soil and on-site resources are used efficiently;
- On-site resources are put to good use, such as manure for fertiliser or feed produced on the farm;
- Disease-resistant plant and animal species adapted to the local environment are used:
- Livestock are raised in a free-range, open-air environment and are fed with organic fodder;
- Animal husbandry practices are tailored to the various livestock species.

The organic farming sector in the EU encompasses more than 250 000 producers in agriculture and 455 in aquaculture (Eurostat, 2014), as well as their suppliers, food manufacturers, importers and distributors who all have to comply with strict rules. It plays a double role for EU citizens: on the one hand, it provides food meeting a specific consumer demand for organic products and, on the other, it delivers public goods contributing to the protection of the environment and animal welfare, as well as to rural vitality and development. Moreover, the organic production scheme is part of the EU agricultural product quality schemes together with protected designation of origin, protected geographical indications and traditional specialities guaranteed.

In recent years, the agricultural area under organic cultivation in the EU has increased significantly (see Figure 1) and more than 10.8 out of 174 million hectares of agricultural land are under organic cultivation. Nevertheless, this still represents only 6% of the total EU agricultural area.

Millions Ha 10,8 ■ EU15 ■ EU13 10,5 10,1 10 9,6 9,2 8,6 7,8 8 7,3 6,9 6,5 5,9 6,0 6 4 2 5,0 5,5 5,9 6,3 6,9 7,2 7,5 7,7 8,2 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

Figure 1 – Evolution of the total area under organic cultivation in the EU-28 (million ha)

Source: EPRS calculation on Eurostat data; area under organic cultivation is the crop area fully converted and crop area under conversion.

In addition, organic food markets have consistently expanded, in terms of value; the EU and USA markets represent more than €22 billion each (see Figure 2).

USA USA Germany 7.040 Germanv France France Canada Canada 2.136 UK Uk 1.950 Italy 1 885 Italy Switzerland ■ Others Switzerland 1.520 Austria 1.065 1.000 Japan Spain 998 10.000 20.000 30.000 retails (EUR millions )

Figure 2 - Market for organic foodstuffs: the top 10 countries

Source: FiBL & IFOAM (2012).

# **Existing situation**

The current legal framework is based on <u>Council Regulation (EC) No 834/2007</u> on organic production and labelling of organic products, which outlines the objectives and principles of organic agriculture, fixes general production rules, and describes the organic production standards and the control system and labelling requirements.

The Commission subsequently adopted two implementing regulations: <u>Commission</u> Regulation (EC) No 889/2008, which completed the standard with detailed production rules, labelling rules and control requirements, and <u>Commission Regulation (EC)</u> No 1235/2008, which implemented the new import regime.

Since 2009 the legislative framework has been continually updated. Among the updates worth mentioning are the two major blocks on production standards for aquaculture (2010) and wine production (2012) and the equivalency agreements reached with Canada (2011) and the US (2012) (see box). Further work to refine the rules on poultry, aquaculture, greenhouse production, certain aspects of food processing and feed production is expected.

#### Compliance and equivalence regimes

**Compliance regime**: the agricultural products bearing a reference to organic production and placed on the EU market have been produced in accordance with the production rules set out in the EU regulations and all operators have been subject to control by a control authority or control body recognised in accordance with the EU regulations.

**Equivalence regime**: the agricultural products bearing a reference to organic production and placed on the EU market have been produced in accordance with production rules equivalent to those referred to in the EU regulations and the operators have been subject to control measures of equivalent effectiveness to those referred to in the EU regulations.

Thanks to a harmonised EU legal framework, organic farming has developed quite quickly in the European Union, because farmers and food producers had sufficient guarantees that there was a stable legal framework underpinning their intention to switch over to organic farming and food production.

#### **EPRS**

In 2010 a new **EU organic logo** – replacing the previous one – was launched symbolising the unique set of legal organic rules valid all over the EU. The use of the 'organic leaf' is obligatory for pre-packed EU products and optional for imported products. It can be accompanied by national or private logos and must be accompanied by the code of the responsible control body and by an indication of the place of farming of the agricultural ingredients.



The current import system is based on a three-level system. Products can be imported as organic into the EU if:

- they come from recognised equivalent third countries (currently 12 third countries are recognised: Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, Switzerland, Tunisia, the US, New Zealand and the Republic of Korea). Not all the categories of products fall under this option – depending on the country – and not all the recognised third countries have signed a reciprocal agreement with the EU;
- they are produced by operators applying standards deemed equivalent by the Commission and verified by control bodies recognised by the Commission;
- they are produced by operators operating in a compliance regime and verified by control bodies recognised by the Commission (this option was initially supposed to enter into force in 2011/12, but it has been postponed a number of times and is not yet currently in force).

In the framework of the 2014-2020 <u>Rural Development Policy</u>, Member States allocated more than €6.3 billion of the EAFRD budget to measure No 11 – supporting organic farming –implemented in line with the provisions of the current Regulation (EC) No 834/2007.

Financial support under this measure is granted, per hectare of agricultural area, to farmers or groups of farmers who convert to or maintain organic farming practices and methods as defined in Regulation (EC) No 834/2007 and who are active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013,¹ with a maximum support rate up to €600 per hectare per year for annual crops and up to €900/ha per year for permanent crops.

# The changes the Commission proposal would bring

Compared to the existing legislation, the Commission proposal intends to **strengthen and harmonise production rules** and remove or phase out some exceptions (use of non-organic seed when organic is not available, introduction of non-organic young poultry, exceptions for beekeeping, etc.), except where temporary measures are necessary in order to allow organic production to continue or restart in the case of catastrophic circumstances. **Mixed farming** (organic and conventional production involving – in the case of plants – different varieties that can be easily differentiated) would be allowed only during the conversion period. After the conversion period, organic agricultural holdings have to be managed entirely in compliance with the requirements applicable to organic production and the possible retroactive acknowledgement of the conversion period would be limited only when fallow land is

involved. To address the issue of clarity and readability, specific production rules are brought together in Annex II of the proposed regulation.

Organic operators other than farmers or operators producing seaweed or aquaculture animals would be required to develop a **system for improving their environmental performance**, with the exceptions of micro-enterprises.

The **control system** provisions would be integrated into a single legislative text under the Commission proposal for a <u>regulation on official controls</u> and other official activities in food and feed. The **risk-based approach** to official controls would be reinforced by removing the requirement for mandatory annual verification of compliance of all operators provided for in Regulation (EC) No 834/2007.

For **small-scale farmers**, a system of **group certification is introduced** with a view to reducing inspection and certification costs and the associated administrative burden, strengthening local networks, contributing to better market outlets, and ensuring a level playing field with operators in third countries.

Specific provisions are also introduced to harmonise action to be taken when **non-authorised products** or substances are detected. In this context, there may be instances where farmers are prevented from marketing their products as organic due to the unintentional presence of non-authorised products or substances. Member States may be authorised by the Commission to grant national payments to compensate for the losses incurred in such instances. In addition, Member States may use the instruments of the Common Agricultural Policy to cover, totally or partially, such losses.

The **trade regime** is adapted to harmonise the rules to be applied in the EU and in the third countries and to better ensure consumer confidence. The possibility of equivalence agreements with third countries remains, while the system of unilateral equivalency is phased out. The recognition of control bodies is proposed to be shifted to a **compliance regime** (see box for definitions of compliance and equivalence regimes).

### Preparation of the proposal

In 2013, the Commission launched an on-line consultation, with more than 45 000 responses to the questionnaire submitted and almost 1 400 other contributions received. The majority of responses (96%) were submitted by citizens of the EU, while the remaining 4% were sent by stakeholders. In addition, stakeholders of the sector were informed and consulted on the review in meetings of the Advisory Group on Organic Farming.

Before the review of the organic farming legislation and in order to achieve the CAP 2020 objectives, an <u>impact assessment</u> was performed and three alternative policy scenarios compared:

- The improved status quo, based on improvements and better enforcement of current legislation;
- The market-driven option, which aims at providing the conditions needed to respond dynamically to further market developments with more flexible rules. Long-standing exceptional rules would be integrated into the production rules;
- The **principle-driven option** aimed at re-focusing organic production on its principles, which would be better reflected in the production rules. Exceptional rules would be ended.

The principle-driven option performed better according to all criteria evaluated. In particular it was expected to produce the following results:

- Greater consumer confidence, which was deemed likely to support and develop the organic products market and prices and to attract newcomers;
- The removal of exceptions to the rules, which should contribute to the development of organic inputs, notably seeds and reproductive materials;
- Clearer and simpler production rules should make the sector more attractive and competitive, including the move from equivalence to compliance for imports from third countries;
- A risk-based approach was expected to improve the effectiveness and efficiency of controls and contribute to fraud prevention and a more reliable import regime;
- An improvement in animal welfare conditions through the removal of exceptions.

As outlined by the Commission, the impact assessment and public consultation showed that citizens would like to see organic production rules further harmonised and strengthened. Stakeholders of the organic sector, notably IFOAM EU (European branch of the International Federation of Organic Agriculture Movements) and COPA COGECA (which expresses the voice of farmers and their cooperatives in the European Union), considered that the EU organic legislation should remain close to the principles and values of the sector, and both supported the improved status quo option to ensure the stability of the sector. The principle-driven option was supported by other organisations (European Coordination Via Campesina, animal welfare organisations, etc.).

### Stakeholders' views

<u>COPA COGECA</u> urged that organic farmers get sufficient income for their work and that any new system is able to attract new entrants. In this respect, research and innovation are tools that will help the sector to move forward. COPA COGECA is in favour of more flexibility for mixed farms, mandatory annual controls, a recognition system for control bodies from third countries in a regime based on compliance with the EU rules, and of keeping the current derogation which allows the sector to use conventional seed in certain cases, especially during times of limited supply.

One of the main stakeholders on the dossier is IFOAM EU, a European umbrella organisation for organic food and farming with more than 160 member organisations: from farmers and processors, retailers, certifiers, consultants, traders and researchers to environmental and consumer advocacy bodies. IFOAM EU welcomed the European Parliament draft report, which it says better reflects the needs of the organic sector, as a step in the right direction, focusing on the needed improvements in the current legislation and clearly showing an understanding that evolution, rather than revolution, is needed in organic regulation. In this regard, IFOAM EU underlined that one of the main issues hampering the organic sector was uneven implementation by Member States and welcomed the report as bringing new elements to the discussion. It further noted that the report removes the most problematic elements of the Commission's proposal, including the 'wrong-headed' decertification threshold, which would make organic farmers and processors pay for the pollution caused by adventitious contamination.

According to a 2012 <u>Eurobarometer</u> survey, a large majority of EU citizens agree that agriculture contributes to the beauty of the countryside (86%), helps to preserve and protect rural areas (89%), and is beneficial for the environment (81%). Unfortunately,

only a minority of EU citizens recognise logos of EU food quality assurance schemes, and only 24% are aware of the EU's organic farming logo.

# **Advisory committees**

On 16 October 2014, the European Economic and Social Committee adopted an <u>opinion</u> on the Commission proposal. Drawn up by rapporteur Armands Krauze, it encourages the Commission to support the development of organic farming and boost consumer confidence in organic products, by, for example, applying stricter controls for products from third countries to ensure that they comply with EU requirements.

On 4 December 2014, the Committee of the Regions also adopted an <u>opinion</u> on the proposal on organic production, with the aim of increasing consumer confidence in organic products whilst ensuring fair market competition (rapporteur Hester Maij) underlining that more flexibility is needed to take account of differences in the types of farming and specific characteristics of the regions.

### Council

In April 2014, the Council, under the **Greek Presidency**, kicked off the debate on the Commission proposal. In the second half of 2014, under the **Italian Presidency**, the Council continued technical examination of the dossier at working party level and in the Special Committee on Agriculture. At the last Agriculture Council under the Italian Presidency, in December 2014, Ministers acknowledged a <u>progress report</u> on the first 19 articles of the Commission proposal, including a set of political guidelines which would allow farmers to continue organic and conventional techniques on their holdings, and maintaining current derogations that allow organic farmers to use non-organic animals, seeds and feed in line with the existing rules. However, Member States remained split on the decertification threshold, import rules from third countries and the control system, with divergent views emerging between those wishing to keep the current system of once-a-year controls on-site and those preferring the shift towards tailored controls focused on farms with the highest error rates.

After several meetings, under the **Latvian Presidency** on 16 June 2015 in Luxembourg, EU Agriculture Ministers agreed on a Council general approach on the proposal. The Member States which opposed the Council general approach were Denmark (which stressed the need to maintain annual inspections) and four others (Belgium, Bulgaria, the Czech Republic and Slovenia) which argued for the need for an EU-wide harmonised threshold so that products containing unauthorised substances could be downgraded as conventional products. For the same reason Cyprus and Croatia abstained. A statement by Italy (supported by Spain and Slovenia), attached to the minutes of the Council, sets out criticisms expressed by these Member States, especially on the frequency of checks and the rules in cases where unauthorised substances are present, although they voted in favour in the spirit of compromise.

#### The main elements of the Council general approach

On the **presence of pesticides**, where a competent authority, or where appropriate, a control authority or a control body detects the presence of products or substances that have not been authorised, it must immediately conduct an investigation to determine the origin and the cause of the contamination. On the basis of the outcome of the investigation, the competent authority, or where appropriate, a control authority or a control body must ensure that the products at issue are not marketed as being organic (including, for instance, where the presence of the products or substances results from

deliberate use by the operator). On the basis of the outcome of the investigation, the competent authority must determine possible deficiencies and shortcomings that have caused the presence of unauthorised products or substances. The operator concerned must take the necessary corrective measures to avoid any future contamination. For Member States which, on 31 December 2015, have rules which state that produce containing more than a certain level of unauthorised products or substances cannot be marketed as organic may continue to apply these rules until 31 December 2020. By 31 December 2020 at the latest, the Commission will bring forward a report on the presence of unauthorised products or substances. This report may, if necessary, be accompanied by a legislative proposal.

On the nature and **frequency of official checks** all operators and groups of operators will face a compliance verification check at least once a year. Compliance verification will include an on-site inspection. Member States can decide to exempt from this provision operators which have a low risk profile and have been compliant with the regulation for at least three years. In those cases, the period between two physical inspections should not exceed 30 months.

The text also includes rules on the **organic import regime** which, after a transitional period ending on 31 December 2022, will be based exclusively on trade agreements with recognised third countries and on recognised control bodies controlling operators in third countries producing products in compliance with the EU rules.

### **National parliaments**

Some national parliaments scrutinised the Commission proposal. In particular, the Austrian Federal Council sent a <u>reasoned opinion</u> to the institutions. The main reason was that the Commission draft proposal does not comply with the principle of subsidiarity and the number of delegated legal acts is excessive and must be reduced to the absolute minimum, to be compatible with the principles of subsidiarity and proportionality.

The Senate of the Czech Republic delivered a <u>resolution</u> on organic production in the European Union where it underlined that the regional specificities of Member States should be respected and that the Commission should have limited powers to adopt delegated acts, especially in the sensitive area of wine production.

However, in the proposal, the Commission underlined that a Union-wide organic scheme is more efficient than 28 different schemes. In addition, it allows for stronger and more consistent development of the single market and trade policy versus global trading partners, in particular by enhancing the bargaining power of the Union in negotiations.

# Parliamentary advice

In July 2014, DG EPRS published a briefing on Organic production and labelling of Organic products, which seeks to provide an initial analysis of the strengths and weaknesses of the European Commission's Impact Assessment (IA) accompanying the proposal.

In October 2014, the EPRS published a briefing on <u>EU legislation on Organic Production</u> and <u>Labelling</u>, focussing mainly on the operation of existing EU legislation (Regulation (EU) No 834/2007).

After the first round of discussions in the Council, in February 2015, the EPRS published an in-depth analysis (Les productions "bio" et l'Union européenne), providing a general outline of organic agriculture. It gives an overview of the principles of this type of farming, and provides the specifications for particular forms of production that are not necessarily very widely known. The document illustrates the size and importance of the sector and how it is growing, while also indicating the challenges posed and questions that may arise, especially as regards the future prospects for the sector after the Commission proposal.

Additional information can be found in the briefing on <u>Organic food: Helping EU</u> consumers make an informed choice published in May 2015 by EPRS.

# **Legislative process**

The legislative debate started in the Council on 24 March 2014 when the Commission adopted the <u>legislative proposal</u> on organic production and labelling of organic products.

In December 2014, Member States welcomed a <u>progress report</u> on the first 19 articles of the Commission proposal, including a set of political guidelines on the dossier. This was important as this progress helped convince the Commission not to withdraw the proposal (as had been considered when the Annual Work Programme for 2015 was drawn up) but to give the Council and Parliament six months to move forward on this proposal. It also provided the basis for the continuation of the Council debate under the Latvian Presidency.

In the meantime, on the EP side, Martin Häusling (Greens/EFA, Germany) was appointed rapporteur and presented his draft report to the AGRI committee on 7 May 2015. The draft report consists of 353 amendments to the Commission proposal, and brings back a number of provisions of the current regulation, including mandatory annual inspection and some derogations - with a mechanism to phase them out taking into account the lack of organic seeds, young animals, feed and other organic inputs which impede the development of the sector, which are behind some exceptions to organic production rules. It clarifies the scope of the Regulation (namely food and feed), reduces the number of implementing and delegated acts and revises the import system from third countries. On mixed farms, it proposes a transitional period of 10 years provided that there is a clear separation of conventional and organic production units and a conversion plan into organic production for the entire holding. A new element in the Commission proposal is the introduction of a threshold for decertification of organic products in case of the presence of non-authorised substances or pesticides; the draft report (amendment 177) suggests deleting this. New elements proposed are the obligatory certification of organic mass retailers, such as restaurants and canteens, at EU level, and the establishment of an EU organic farming agency to improve the implementation of the regulation (and to be responsible, in particular, for better implementation of control and import requirements).

On 6 May 2015, the Committee on the Environment, Public Health and Food Safety (ENVI) voted on an <u>opinion</u> on the Commission proposal, which underlined that organic farming brings together the aspects of environmental sustainability, biodiversity protection, healthiness and safety of food, and ethical treatment of animals in food production. It noted that it is vital for consumer confidence, quality of production and a level playing field for producers to develop open and fair quality controls for imported

organic products. Internal and external auditing systems should therefore be put in place for products from within the EU and for imported products.

As noted above, EU Agriculture Ministers agreed on 16 June 2015, with a qualified majority, on a Council <u>general approach</u> on the proposal, though five Member States voted against (DK, BE, SL, BG, CZ) and HR and CY abstained. This agreement will enable the Council to begin negotiations with the European Parliament..

In June 2015, the Commission proposal, in addition to the 353 amendments from the Häusling draft report, had received more than 950 <u>amendments</u>, and the rapporteur and political groups had worked on 30 compromise amendments concerning the critical points of the dossier.

On 13 October 2015, the AGRI committee voted on the draft report (33 votes in favour to 4 against, 7 abstentions) and also voted on a mandate to launch negotiations with the Council (37 votes in favour to 5 against, 2 abstentions). The Committee's report, compared with the Commission proposal, is better adapted to farmers needs and underlines that organic farming requires a 'tailored controls regime along the entire supply chain to avoid food fraud'. Considering the relevant number of mixed farms in the EU (organic and conventional), farms producing both conventional and organic food are still allowed, on condition that their conventional farming activities are clearly separated and differentiated from organic farming ones. On the presence of non-authorised substances, the AGRI committee rejected the threshold of 0.01 milligrams per kilogram proposed by the Commission, introducing instead some precautionary measures, which would aim to increase the accountability of operators throughout the organic supply chain and avoid the use of non-authorised techniques, as well as more harmonised investigation procedures in cases of contamination.

On the import of organic products into the EU, the Committee supported the Commission proposal to ensure that all imported products will comply with the EU organic farming rules (see box on 'compliance and equivalence regimes'). The current equivalence regimes, which require third countries to comply with similar but not identical standards, should be phased out within the next five years, with some derogations.

The vote will enable the Parliament to begin negotiations with the Council on the legislative proposal, under the current Luxembourg Presidency.

#### Main references

<u>Organic production and labelling of organic products, 2014/0100(COD),</u> Legislative Observatory (OEIL), European Parliament.

<u>Les productions "bio" et l'Union européenne</u>, Weissenberger Jean, Analyse approfondie, EPRS, European Parliament, February 2015

<u>EU legislation on Organic Production and Labelling</u>, Kranjcevic Ina, Briefing, Policy Performance Appraisal Unit EPRS, European Parliament, October 2014.

<u>Organic food: Helping EU consumers make an informed choice</u>, Katsarova Ivana, Briefing, EPRS, European Parliament, May 2015.

Organic farming, EU Rural Reviews, No 18, European Network for Rural Development, 2014. Facts and figures on organic agriculture in the European Union, European Commission, October 2013.

Organic in Europe, prospects and developments, IFOAM EU, FiBL and CIHEAM-IAMB, January 2014.

International Federation of Organic Agriculture Movements (IFOAM)

#### **Endnote**

- <sup>1</sup> Article 9 of Regulation (EU) No 1307/2013:
  - '1. No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, whose agricultural areas are mainly areas naturally kept in a state suitable for grazing or cultivation and who do not carry out on those areas the minimum activity defined by Member States in accordance with point (b) of Article 4(2).
- 2. No direct payments shall be granted to natural or legal persons, or to groups of natural or legal persons, who operate airports, railway services, waterworks, real estate services, permanent sport and recreational grounds....'.

# **Disclaimer and Copyright**

The content of this document is the sole responsibility of the author and any opinions expressed therein do not necessarily represent the official position of the European Parliament. It is addressed to the Members and staff of the EP for their parliamentary work. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2015.

eprs@ep.europa.eu

http://www.eprs.ep.parl.union.eu (intranet)

http://www.europarl.europa.eu/thinktank (internet)

http://epthinktank.eu (blog)