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**3rd FINANCIAL REPORT FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL
on the EUROPEAN AGRICULTURAL GUARANTEE FUND
2009 FINANCIAL YEAR**

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1. BUDGET PROCEDURE¹

1.1. Financial Framework 2007-2013.

CAP expenditure is funded within the current financial framework as agreed in the Inter-institutional Agreement between the European Parliament and the Council in May 2006, amended to take into account the Galileo-programme in 2007, the reprogramming of rural development in 2008 and the European Economic Recovery Package (EERP) in 2009. CAP expenditure is part of Heading 2: Preservation and management of natural resources. A specific sub-ceiling has been decided for market related expenditure and direct aids within this heading.

To take account of the transfer of amounts to rural development due to compulsory modulation (including the increase from the CAP Health Check) increase, to the reform of the cotton, tobacco and wine sectors as well as to the voluntary modulation decided for the UK, the expenditure ceiling for market measures and direct aids had to be reduced accordingly.

The CAP amounts included in heading 2 of the financial framework (2007-2013) are:

(In EUR million current prices)

Heading 2*	2007	2008	2009	2010	2011	2012	2013
Total a), b)	55 143	59 193	57 639	60 113	60 338	60 810	61 289
of which:							
-Rural development a), c), d)	10 902	13 303	14 002	14 364	14 436	14 617	14 817
-Market related expenditure and direct aids, c)	44 753	44 592	44 887	44 276	44 467	44 710	44 939

*) Preservation and Management of Natural resources

a) After reprogramming of rural development (1 469 Mio €).

b) After transfer of EUR 1 600 million to Galileo in 2007 and of EUR 2 000 million to the European Economic Recovery Package in 2009.

c) After transfer into Rural Development of the lower expected expenditure resulting from the reforms of the tobacco, cotton and wine CMOs and from the compulsory and voluntary (UK) modulation Art. 136 of Regulation 73/2009 (SE+DE) and reduction due to financing of the European Economic Recovery Plan (Commission Decision No 2010/273 EU).

d) Including the reinforcement of Rural Development by EUR 1 020 million included in the European Economic Recovery Package, of which EUR 600 million is financed in 2009 within heading 2 while, for 2010, EUR 420 million has been allocated to Rural Development on the basis of the amended Commission Decision No 636/2006.

1.2. Preliminary Draft Budget 2009

The 2009 Preliminary Draft Budget (PDB) was adopted by the Commission and proposed to the Budgetary Authority on 6 May 2008. The commitment appropriations

¹ This procedure is presented in annex 1.

proposed for the European Agricultural Guarantee Fund (EAGF) under heading 2 of the Financial Framework 2007-2013 totalled EUR 42 860.3 million.

1.3. Draft Budget 2009

The Council adopted the 2009 Draft Budget in July 2008. The appropriations of EAGF were reduced by EUR 380.0 million as compared to the PDB to EUR 42 480,3 million.

1.4. Amending Letter for 2009

In October 2008 the Commission adopted Amending Letter No 2 to the 2009 PDB, setting commitment appropriation requirements for EAGF at EUR 41 579.9 million which was lower by EUR 1 280.4 million compared to the Preliminary Draft Budget.

1.5. Adoption of the 2009 budget

The European Parliament adopted the 2009 budget in its plenary session of December 2008.

The voted EAGF commitment appropriations amounted to EUR 41 131.4 million in total, ie: they were lower by EUR 448.5 million compared to the Amending Letter. Within this total, commitment appropriations amounting to EUR 3 409.6 million were foreseen for market measures under chapter 05 02 while EUR 37 779.0 million were foreseen for direct aids under chapter 05 03. Furthermore, the 2009 budget foresaw commitment appropriations of EUR 320.7 million for policy area 17-veterinary and phyto-sanitary measures and EUR 29.5 million for policy area 11-fisheries.

For details, please see annex 1.

1.6. Amending Budget No 8/2009

In June 2009, the Commission proposed and the Budgetary Authority adopted Amending Budget No 8/2009, of the 2009 budget's commitment appropriations, which increased the amount available for EAGF by EUR 49.3 million destined for the animal eradication programmes, and specifically for the eradication of the bluetongue disease, in policy area 17-veterinary and phyto-sanitary measures.

1.7. Amending Budget No 10/2009

In November 2009, the Commission proposed and the Budgetary Authority adopted Amending budget No 10/2009 whereby EAGF's commitment appropriations were reduced by EUR 135.0 million in order to contribute to the financing of the European Economic Recovery Package (EERP) and TRDI's² payment appropriations were reduced by EUR 111.2 million (NB: TRDI is financed under the ex-European Agricultural Guidance and Guarantee Fund-Guarantee Section).

² TRDI: Transitional Rural Development Instrument for EU 10

1.8. Revenue assigned to EAGF³

In accordance with Article 34 of the CAP Financing Regulation (EC) No 1290/2005, the receipts originating from financial corrections under conformity clearance decisions, from irregularities and from the milk levy are designated as revenue assigned to the financing of EAGF expenditure. This assigned revenue can be used, partly or wholly, to cover the financing of EAGF expenditure if the budget appropriations granted by the Budgetary Authority are not sufficient to finance the expenditure incurred by the Member States. In the case where all or part of this revenue is not used, then, it will be automatically carried over into the following budget year in order to finance budgetary needs of that year.

At the time of establishment of the 2009 budget, an estimate of the revenue was made both for the amount expected to be collected in the course of the 2009 budget year as well as of the amount which was expected to be carried over from the budget year 2008 into 2009. This estimate was taken into consideration when the Budgetary Authority adopted the 2009 budget. Specifically:

- Revenue from the conformity clearance corrections and from irregularities was estimated at EUR 600.0 million and EUR 105.0 million correspondingly while the receipts from the milk levy were estimated at EUR 337.0 million. Thus, the total amount of assigned revenue expected to be collected in the course of the 2009 budget year was estimated at EUR 1 042.0 million.
- The amount of assigned revenue expected to be carried over from the budget year 2008 into 2009 was estimated at EUR 1 334.0 million.

The total amount of EUR 2 376.0 million was taken into consideration as the Commission reduced the appropriations requested for the operational funds for producer organisations in the fruit and vegetables sector by EUR 515.0 million and for the single payment scheme by EUR 1 861.0 million. After taking account of these amounts, the Budgetary Authority eventually granted appropriations amounting to EUR 260.0 million and EUR 27 239.0 million correspondingly for these schemes.

For details, please see annex 9 and 10.

1.9. Temporary restructuring amounts in the sugar sector⁴

The temporary restructuring amounts in the sugar sector, as set out in article 11 of Council Regulation (EC) No 320/2006, are treated as assigned revenue intended to finance the sugar restructuring aid and other aids foreseen in the Sugar Restructuring Fund. For each marketing year, starting with 2006/07 up to 2008/09, these amounts relate to the sugar, inulin syrup and isoglucose quantitative quotas held by operators in each Member State and they are to be paid by the Member States into the Fund in two instalments, the deadlines of which are 31 March and 30 November respectively for each year.

³ These amounts are not entered in the revenue lines of the budget (article 670 for the revenue assigned to the EAGF) but they are mentioned in the budgetary comments for this article.

⁴ These amounts are not entered in the revenue lines of the budget (article 680 for the temporary restructuring amounts for the sugar sector) but they are mentioned in the budgetary comments for this article.

At the time of establishment of the 2009 budget, the estimate of this revenue expected to be transferred to the EU budget within the year amounted to EUR 1 742.0 million. At the same time, an amount of EUR 2 006.0 million was expected to be carried over from the budget year 2008 into 2009.

For details, please see annex 9 and 10.

1.10. Part of the EAGF budget in total EU budget

The final EAGF budget's (commitment appropriations) part of the total EU budget for the period 2002–2009 appears in annex 2.

2. CASH POSITION AND MANAGEMENT OF APPROPRIATIONS

2.1. Management of appropriations

2.1.1. *Appropriations available for the 2009 financial year (see also section 1 of this working document):*

<i>In EUR</i>				
Expenditure section of budget (1)	Commitment appropriations	Payment appropriations	Revenue section of budget (AR) (3)	Forecasts
1. Initial appropriations for EAGF	41 131 356 325	41 265 823 325	1. Conformity clearance	600 000 000
2. Amending budgets (2)	-85 660 000	-246 200 000	2. Irregularities	105 000 000
3. Final appropriations for EAGF of which:	41 045 696 325	41 021 423 325	3. Super levy from milk producers	337 000 000
3a. Appropriations for shared management (excluding TRDI (4) EU 10)	40 589 704 325	40 589 704 325	4. Temporary restructuring amounts for sugar sector (5)	1 742 000 000
3b. Appropriations for expenditure under direct management (6)	455 992 000	360 919 000	Total forecast of AR	2 784 000 000
3c. Appropriations for TRDI EU 10 (7)	0	70 800 000		

- (1) Appropriations entered in the 2009 budget taking into account the assigned revenue to be collected in 2009 and the carry-over from 2008 to 2009 in accordance with Article 10 of the Council Regulation (EC) No 1605/2002.
- (2) For commitment appropriations, Amending Budgets No 8 and No 10/2009 foresee a reduction of EUR 135.0 million for the EERP (point 1.6) and an increase for Policy area 17-Veterinary and phyto-sanitary measures expenditure (Directorate –General Health and Consumers), of EUR 49.3 million (point 1.5).
For payment appropriations, the Amending Budget No 10/2009 foresees a reduction of EUR 135 million for the EERP (point 1.6) and of EUR 111.2 million for the TRDI-ex-European Agricultural Guidance and Guarantee Fund-Guarantee Section (ex-EAGGF).
- (3) AR: Assigned revenue to be collected. There are no amounts of revenue entered on the revenue line (p.m.)⁵, but the forecast amount is indicated in the budget comments.
- (4) TRDI: Transitional Rural Development Instrument for EU 10.
- (5) This revenue is used to provide appropriations for the payment of Sugar Restructuring Fund support.
- (6) 80% of commitment appropriations concern Policy area 17-Veterinary and phyto-sanitary measures expenditure (Directorate-General Health and Consumers). The rest concern equally Policy area 05-Agriculture and Rural Development (Directorate-General Agriculture and Rural Development) and Policy area 11-Fisheries (Directorate-General Maritime Affairs and Fisheries). Payments for Directorate-General Maritime Affairs and Fisheries include EUR 1.8 million which was transferred from other items of Policy area 11-Fisheries.
- (7) At the end of the year, the original payment appropriations of EUR 182 million were decreased to EUR 70.8 million following the Amending Budget No 10/2009.

⁵ p.m.: "pour mémoire".

2.1.2. *Expenditure section of the EU budget in relation to EAGF:*

The initial commitment appropriations for 2009 totalled EUR 41 131 356 325. This was a net amount taking account of the forecasted assigned revenue to be collected in 2009 and the one carried over from 2008 to 2009. The initial payment appropriations amounted to EUR 41 267 623 325. The appropriations for the Transitional Instrument for the financing of Rural Development for the new Member States (TRDI EU 10) and the majority of the appropriations for expenditure under direct management made by the Commission are differentiated appropriations.

Taking into account the Amending Budgets No 8/2009 and No 10/2009, the commitment and payment appropriations finally available to the EAGF for the 2009 financial year amounted to EUR 41 045 696 325 and EUR 41 021 423 325 respectively.

Part of the appropriations coming from assigned revenue received in 2008 but not used in that financial year was automatically carried forward from 2008 to 2009. The amount of these appropriations totalled EUR 3 518.7 million (including EUR 2 044.6 million for Sugar Restructuring Fund).

2.1.3. *Revenue section of the EU budget in relation to EAGF:*

For more details, please see point 1.8.

2.1.4. *Execution of appropriations available for the 2009 financial year:*

In EUR

	Execution of commitment appropriations	Execution of payment appropriations
Shared management (excluding TRDI EU 10) (1):	46 024 783 279.92	46 024 783 279.92
Expenditure under direct management	444 795 087.91	270 611 015.99
TRDI EU 10	0.00	67 170 526.24
Total (including Sugar Restructuring Fund)(2)	46 469 578 367.83	46 362 564 822.15
<i>Sugar Restructuring Fund</i>	3 017 689 890.69	3 017 689 890.69
Total (excluding Sugar Restructuring Fund)	43 451 888 477.14	43 344 874 931.46

(1) Committed amounts. Commitments and payments less assigned revenue received: EUR 43 197 343 784.95.

(2) By adding an amount of EUR 2 165 546.21 (concerning the execution of assigned revenue for direct expenditure not taken into account) the execution amounts to EUR 46 471 743 914.04 in commitment appropriations (EAGF + Sugar restructuring Fund). The net amount after subtraction of the Sugar restructuring Fund is EUR 43 454 054 023.35.

For the financial year 2009, the actual amount of commitment appropriations used amounted to EUR 46 469 578 368 while that for payment appropriations amounted to EUR 46 362 564 822.

2.1.5. *Assigned revenue received under shared management*

In EUR

Assigned revenue (excluding Temporary restructuring amounts)	
Forecasted revenue	1 042 000 000.00
Revenue received	1 086 022 089.60
Difference	-44 022 089.60

For details, please see points 1.5 and 6.1.

2.1.6. *Execution (excluding Sugar Restructuring Fund and TRDI EU 10) - Expenditure section:*

In EUR

Expenditure-shared management (excluding Sugar Restructuring Fund and TRDI - EU10) (1)			
	Final appropriations (C1)	Assigned revenue appropriations (C4)	Carry over of assigned revenue appropriations (C5) from 2008
Appropriations	40 589 704 325.00	1 086 022 089.60	1 474 138 098.78
Execution (2)	40 963 379 315.93	569 575 974.52	1 474 138 098.78
Appropriations cancelled	1 254 823.16	-	0.00
Carry over to 2010	-	141 516 300.99	-

(1)Commitment appropriations = payment appropriations.

(2)According to the Decision No 56, Budgetary Authority approved transfer of appropriations coming from assigned revenue (C4) to cover lack of appropriations (C1) on the budget line 05 07 01 06. Actual amount used was EUR 374 929 814.16.

Appropriations for financing measures under management shared with Member States (excluding expenditure under direct management by the Commission) amounted to EUR 40 589.7 million compared to actual expenditure of EUR 40 963.4 million. It shall be noted that the Budgetary Authority approved transfer of appropriations No 56 by which an amount of assigned revenue collected in 2009 (EUR 374.9 million) was transferred to cover the lack of appropriations (C1) on the budget line 05 07 01 06.

The 2009 appropriations coming from assigned revenue amounted to EUR 1 086 million of which an amount of EUR 569.6 million was used in chapter 05

02 and 05 03. In addition, the amount of EUR 374.9 million was used to cover the lack of appropriations (C1) on the budget line 05 07 01 06. The remaining amount of EUR 141.5 million is automatically carried over to budget year 2010.

Part of the appropriations coming from assigned revenue received in 2008 was not used in financial year 2008 and was automatically carried forward from 2008 to 2009 (C5 fund source). These appropriations amounted to EUR 1 474.1 million and had to be used first in accordance with Article 10 of the Financial Regulation. It should be noted that all appropriations (EUR 1 474.1 million) carried over from financial year 2008 have been fully used in accordance with the Financial Regulation.

2.1.7. *Sugar sector: Temporary restructuring amounts. Sugar Restructuring Fund*

In EUR

Temporary restructuring amounts		Sugar Restructuring Fund			
Revenue section of budget		Expenditure section of budget			
	Amount		Final appropriations (C1)	Appropriations from AR (C4)	Carry over of appropriations from 2008 AR (C5)
Forecast revenue	1 742 000 000.00	Appropriations	pm	1 741 417 405.37	2 044 563 924.99
Revenue received	1 741 417 405.37	Execution (1)	-	973.125.965.70	2 044 563 924.99
		Appropriations cancelled	-	-	0
		Carry over to 2010	-	768 291 439.67	-

(1) Commitment appropriations = payment appropriations

Execution of Temporary restructuring amounts - Revenue section. For details, please see point 6.2.

Execution of Sugar Restructuring Fund - Expenditure section. For details, please see point 6.3.

2.1.8. *Execution of Transitional Instrument for the financing of Rural Development for the new Member States (TRDI EU 10)*

In EUR

TRDI EU 10	Commitment appropriations	Execution of commitment appropriations	Payment appropriations (1)	Execution of payment appropriations	Remaining
2009	0.00	0.00	70 800 000.00	67 170 526.24	3 629 473.76

There were no commitment appropriations for TRDI EU10. The original payment appropriations foreseen in the 2009 budget totalled EUR 182 million. The final payment appropriations after Amending Budget amounted to EUR 70.8 million. Payments made in 2009 amounted to EUR 67.2 million and related to the commitments (RAL)⁶ of 2006.

Execution of outstanding commitment appropriations from previous years:

TRDI EU 10	Outstanding commitments (RAL)	Execution of payment appropriations	Outstanding commitments
2006	288 000 002.00	67 170 526.24	220 829 475.76

2.1.9. *Budget execution - Expenditure under direct management made by the Commission*

In EUR

Expenditure under direct management	Commitment appropriations	Decommitments	Payment appropriations	Carry over to 2010 (1)
Appropriations	455 992 000.00	-	360 919 000.00	-
Execution	444 795 087.91	-	270.611.015.99	31.370.402.92
Appropriations cancelled	11 196 912.09	-	90 307 984.01	-

(1) Carry over to 2010 only for non-differentiated appropriations

Commitment appropriations of EUR 456 million were foreseen for expenditure under direct management in the 2009 budget. An amount of EUR 444.8 million was committed in 2009. The balance of these appropriations, EUR 11.2 million, was cancelled. 80% of commitment appropriations concern Policy area 17-Veterinary and phyto-sanitary measures expenditure. The rest concern equally Policy area 05-Agriculture and Rural Development and Policy area 11-Fisheries.

Since 2007, and in accordance with article 149 of the Financial Regulation, the majority of EAGF appropriations for expenditure under direct management made by the Commission are differentiated appropriations. The automatic carry over to 2010, which relates only to non-differentiated appropriations, amounts to EUR 31.4 million.

For details, please see annex 5 and 6.

⁶ RAL: "Reste à liquider", commitments outstanding.

2.1.10. *Budget execution - Expenditure under direct management made by the Commission - Automatic carryover from 2008*

In EUR

Carry over from 2008 to 2009	Commitments	Decommitments	Payments	Cancelled appropriations
Carried over appropriations	31 608 833.97	2 008 894.39	29 279 444.48	320 495.10

The automatic carry over from 2008 to 2009 only concerned expenditure under direct management for non-differentiated appropriations. As indicated in the table above, an amount of EUR 31.6 million was carried over from 2008 to 2009. In 2009 an amount of EUR 2.0 million from this carry over was decommitted. The payments made amounted to EUR 29.3 million and the amounts cancelled totalled EUR 0.3 million.

For details, please see annex 6.

2.1.11. *Monthly payments to Member States*

2.1.11.1. Monthly payments on the provision for expenditure

Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the Common Agricultural Policy⁷ states in Article 15 that "*monthly payments shall be made by the Commission ... for expenditure effected by Member States' accredited paying agencies during the reference month*". Monthly payments shall be made to each Member State at the latest on the third working day of the second month following that in which the expenditure is effected.

The monthly payments are a reimbursement of net expenditure (after deduction of revenue) which has been already carried out and are made available on the basis of the monthly declarations forwarded by the Member States⁸. The monthly booking of expenditure and revenue is subject to checks and corrections on the basis of the detailed declaration⁹. Moreover, these payments will become final after the verification during the following exercises in the light of the clearance of accounts decisions.

Payments made by the Member States from 16-10-2008 to 15-10-2009 are covered by the system for monthly payments. For the remaining payments, the Commission carries out direct payments for a limited number of measures.

For exercise 2009, the total net amount of monthly payments effected was EUR 43 197 343 784.95.

⁷ OJ L 209 of 11.8.2005, p. 1.

⁸ These monthly declarations of expenditure are transmitted by the Member States by the declaration of the 10th of the month N+1.

⁹ The detailed declarations are transmitted monthly by the Member States (by table 104) on the 20th of the month N+1.

2.1.11.2. Decisions on monthly payments for 2009

For the financial year 2009, the Commission adopted twelve decisions on monthly payments. Furthermore, an additional monthly payment, adjusting those already granted for the total expenditure chargeable to the year, was decided in December 2009.

For details, please see Annex 4.

2.1.11.3. Reductions and suspensions of monthly payments

In 2009, a correction of -EUR 28.3 million was made to the monthly payments effected to the Member States. The most important categories of corrections are detailed in the following points.

a. Reductions of the monthly payments as a result of the non-compliance with the payment deadlines

Certain Member States did not always respect the payment deadlines fixed by the Community legislation for the payment of aids to beneficiaries.

The payment deadlines were introduced, on the one hand, to ensure an equal treatment between the beneficiaries in all the Member States and, on the other hand, to avoid the situation in which delays of payments resulted in aids no longer having the expected economic effect. Moreover, any scope for payments in accordance with the administrative practices of the different paying services would not allow the correct application of the budget discipline.

Due to the exceeding of the payment deadlines, the Commission decided in accordance with Article 16 of Council Regulation (EC) No 1290/2005 on two occasions, jointly with the monthly payments, reductions for a total amount of -EUR 15.5 million.

b. Reductions of the monthly payments as a result of overspending the financial ceilings

For some aid measures financed by EAGF, financial ceilings are determined in the sectoral regulations, which have to be adhered to. Expenditure exceeding these ceilings is considered as "non eligible expenditure" and has to be corrected.

These corrections lead to reductions of the monthly payments. Due to the overspending of the financial ceilings including allocations for rural development, the Commission made financial corrections for a total amount of -EUR 5.3 million.

c. Reductions of the monthly payments as a result of the non-declaration of certain amounts

In accordance with Article 11(4) of Council Regulation (EC) No 320/2006 of 20 February 2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community¹⁰, the Commission deducted a sum equivalent to the

¹⁰ OJ L 58 of 28.2.2006, p. 42.

restructuring amount not collected (-EUR 5.7 million) for the marketing year 2008/2009 from the monthly payments.

In accordance with Article 5(1)(c) of Commission Regulation (EC) No 883/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD¹¹, the Commission deducted a sum equivalent to the amount for clearance not collected (-EUR 2.0 million) from the monthly payments.

2.1.12. Direct payments by the Commission

In certain cases, the Commission makes payments directly to beneficiaries. These concern payments for veterinary and plant-health measures (policy area 17), payments for certain fisheries market measures (policy area 11) and payments for certain measures which do not have the character of traditional market measures, in particular certain actions related to controls, promotion measures, measures of research on tobacco and information on the agricultural policy. (For details, please annex 5 and 6).

3. THE IMPLEMENTATION OF THE 2009 EAGF BUDGET

3.1. Introduction

The 2009 agricultural year was marked by a remarkable fall in agricultural output prices, both in the EU and in world markets, particularly in the dairy sector. The difficult situation in agricultural markets was further accentuated by the world-wide financial crisis and by the overall negative economic outlook. These developments affected both the level of EAGF expenditure and the utilisation of available credit appropriations in certain areas of the budget.

3.2. The uptake of the EAGF budget appropriations

The implementation of the budget amounted to EUR 43 454.1 million. This expenditure was funded by the budget's initial appropriations, by using the entire amount of assigned revenue, of EUR 1 474.1 million, carried over from 2008 and a part of the assigned revenue collected in 2009 amounting to EUR 944.5 million out of a total EUR 1 086.0 million. Within policy area 05-agriculture and rural development, the expenditure for market measures amounted to EUR 3 987 million and for direct aids to EUR 39 113.9 million, both sectors exceeding the budget's voted appropriations. This apparent over-implementation was partly covered by transfers of appropriations from other items of the budget and partly by the revenue which was assigned to the EAGF budget.

¹¹ OJ L 171 of 23.6.2006, p. 1.

Furthermore, the aforementioned total implementation amount includes expenditure for fisheries market measures (Policy area 11) of EUR 29.4 million as well as those corresponding to veterinary expenditure (Policy area 17) of EUR 364.3 million (NB: For details please see annexes 7 and 8).

4. COMMENTS ON THE IMPLEMENTATION OF THE AGRICULTURAL BUDGET

A brief commentary on the implementation of the agricultural budget's appropriations is enumerated hereafter based on details appearing in the annexed tables:

- annexes 7 and 8: Analysis of execution of the 2009 EAGF budget.
- annex 9: Assigned revenue (C4) collected and used in 2009.
- annex 10: Assigned revenue (C5) carried over from 2008 and used in 2009.

This commentary is made at the level of each chapter, article and significant item of the agricultural budget.

4.1. Chapter 05 02: Interventions in agricultural markets

4.1.1. Introduction

Total payments for this area of the budget amounted to EUR 3 987.0 million and they were funded by the budget's voted appropriations amounting to EUR 3 287.7 million, by assigned revenue amounting to EUR 702. million. Annex 8 presents these details at the level of each budget item.

4.1.2. Article 05 02 01: Cereals

The high grain prices of the 2007/08 marketing year combined with the suspension of compulsory set-aside led to an increase of the areas cultivated with cereals in 2008/09. The consequence was an increase of the 2008/09 total harvest at approximately 311.0 million tonnes which was approximately 55.0 million tonnes higher than the 2007/08 one. In 2009, domestic demand for cereals was estimated at approximately 272.0 million tonnes, i.e.: it showed an increase of 1.0 million tonnes compared with the one in 2008. This demand level combined with the bumper harvest led to high total overall ending stocks, part of which entered public storage.

As regards cereals, intervention stocks increased from around 0.047 million tonnes at the start of the year to around 1.56 million tonnes by the end of the year. Underlying this global quantity, however, there were variations in the stock levels for individual cereals. For bread-making wheat, stocks increased from nil at the start of the year to a level of 0.077 million tonnes by the end of the year. Similarly for barley, stocks reached 0.926 million tonnes by the end of the budget year while for maize stocks amounted to 0.555 million tonnes by the end of the year as opposed to only 0.05 million tonnes at the start of the year. In the course of the budget year, sales of cereals from intervention stocks involved only maize where a quantity of 0.045 million tonnes was sold. Compared to the initial hypothesis of no recourse to intervention retained in the 2009 budget, the aforementioned purchases led to incurring

expenditure amounting to EUR 24.1 million. In addition to the budget's voted appropriations for this item, its funding was additionally covered by assigned revenue amounting to EUR 18.3 million and by transfer of voted appropriations from other items of the budget amounting to EUR 5.3 million.

With regard to intervention for starch, Member States incurred payments for potato starch premiums amounting to EUR 40.2 million including minor payments for outstanding balances from previous years. In addition to the budget's voted appropriations for this item, its funding was additionally covered by transfer of voted appropriations from other items of the budget amounting to EUR 0.5 million.

4.1.3. Article 05 02 03: Refunds on Non-Annex I products

The difficult international trading environment affected, primarily, the utilisation of the outstanding export certificates for sugar resulted in incurring expenditure for export refunds for processed agricultural products amounting to EUR 89.7 million, thus, under-spending the budget's voted appropriations by -EUR 37.3 million.

NB: The initial budget appropriations for this sector were reduced by EUR 37.3 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

4.1.4. Article 05 02 04: Food programmes

With regard to the distribution of agricultural products to deprived persons, certain Member States encountered administrative difficulties which prevented them from making all the market purchases for the various products foreseen in the 2009 distribution plan. Furthermore, Member States incurred smaller administrative and transport costs for their distribution operations compared to the ones foreseen in the plan. These factors resulted in under-spending of the 2009 budget's voted appropriations by -EUR 22.1 million. It should also be noted that the budgeted amount increased to EUR 500 million in 2009.

NB: The initial budget appropriations for this sector were reduced by EUR 22.1 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

4.1.5. Article 05 02 05: Sugar

Export refunds for sugar had been discontinued since the end of September 2008. Therefore, the 2009 budget foresaw only the payments for outstanding export refund balances which were estimated at EUR 177.0 million while Member States actually paid a slightly higher amount of EUR 179.2 million, thus, over-spending the 2009 budget's appropriations by approximately EUR 2.2 million which was covered by transfer of voted appropriations from other items of the budget.

No sugar was purchased into public storage in 2009. The initial stock of sugar was 0.336 million tonnes. Sugar sales from intervention stocks amounted to 0.302 million tonnes and they were sold in the internal market at average prices which were higher compared with the hypothesis retained in the 2009 budget of selling this sugar for

industrial use at much lower prices. Therefore, higher net gains were realised compared to the ones initially foreseen at -EUR 36.1 million. After deducting the technical, financial and end-of-year depreciation costs for sugar a net overall gain of -EUR 32.3 million was realised for the 2009 budget.

NB: The initial budget appropriations for this sector were reduced by EUR 35.2 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

4.1.6. *Article 05 02 06: Olive oil*

With regard to the aid for the financing of quality improvement work programmes for approved operators' organisations, Member States' incurred higher payments related to the advances retained in the budget for the 2009/2010 part of these programmes leading to an overall expenditure of EUR 53.2 million thus, over-spending of the appropriations retained in the 2009 budget by EUR 7.9 million, which was covered by transfer of voted appropriations from other items of the budget.

4.1.7. *Article 05 02 07: Textile plants*

With regard to the processing aids for long flax fibre and for short flax and hemp fibre, the overall expenditure incurred amounted to EUR 21 million, thus, over-spending the appropriations foreseen in the 2009 budget by EUR 1.2 million, which was covered by transfer of voted appropriations from other items of the budget.

4.1.8. *Article 05 02 08: Fruit and vegetables*

Under the reform of this sector, the payment of export refunds for fruit and vegetables was discontinued from 1 January 2008. However, the 2009 budget included appropriations for the payment of outstanding balances dating before this date which were estimated at EUR 0.1 million. The expenditure incurred for these balances amounted to EUR 5.2 million for the exports of both fresh and processed fruit and vegetables, thus, over-spending the budget's appropriations by EUR 5.1 million, which was covered by transfer of voted appropriations from other items of the budget.

The payment of outstanding balances for withdrawn fruit and vegetables were much lower at EUR 0.1 million compared to the corresponding amount in the 2009 budget of EUR 2.0 million.

For operational funds for producer organisations which aim at financing their production quality improvement, promotion and commercialisation programmes, the Budgetary Authority granted appropriations amounting to EUR 260.0 million because it took account of revenue amounting to EUR 515.0 million which had been assigned to the funding of this scheme in the 2009 budget. Member States incurred payments amounting to EUR 681.5 million as fewer funds than expected were claimed for these organisations. In addition to the budget's voted appropriations for this item, its funding was covered by assigned revenue amounting to EUR 413.4 million and by transfer of voted appropriations from other items of the budget amounting to EUR 8.2 million.

Member States paid compensation to encourage the processing of citrus fruit for approximately 5% smaller quantities of citrus fruit compared to the corresponding quantities retained in the 2009 budget, thus, under-spending the budget's appropriations by -EUR 13.2 million.

The payments incurred by Member States for aid to producer groups for preliminary recognition were higher compared to the appropriations retained in the 2009 budget, thus, leading to an over-execution of these appropriations by EUR 38.8 million because a larger number of producer groups claimed such aids. This over-execution was covered by assigned revenue amounting to EUR 36.8 million and by transfer of voted appropriations from other items of the budget amounting to EUR 2 million.

4.1.9. Article 05 02 09: Products of the wine-growing sector

The wine sector was reformed as of the marketing year 2008/09. Currently, the principal measures left in this sector are the national support programmes and the grubbing up scheme. For the rest of the measures, the 2009 budget included appropriations destined to cover the estimated still outstanding balances of payments concerning these measures.

Export refunds for wine were discontinued from the marketing year 2008/09. The 2009 budget did not include any appropriations for the payment of possible outstanding balances dating before this marketing year. However, Member States still incurred expenditure for these balances amounting to EUR 7.3 million which was covered by transfer of voted appropriations from other items of the budget.

Member States incurred payments for wine and grape must storage which over-spent the 2009 budget's appropriations by EUR 4.2 million because of higher payments for the storage of wine within the budget year which was covered by transfer of voted appropriations from other items of the budget.

The distillation volume of wine sub-products was lower compared to the one foreseen in the 2009 budget. As a consequence, Member States incurred payments for distillation of wine amounting to EUR 11.3 million, thus, under-spending the 2009 budget's initial appropriations by -EUR 6.7 million.

No appropriations were foreseen in the 2009 budget for the private storage of alcohol while a quantity of approximately 0.55 million hl was eventually aided under this scheme. With regard to the public storage of alcohol, intervention purchases amounted to approximately 0.07 million hl while sales amounted to 0.95 million hl compared to the quantities of 0.17 and 1.7 million hl correspondingly retained in the 2009 budget. The lower sales resulted in a higher final stock of 1.79 million hl compared to the quantity of 0.95 million hl foreseen in the budget. End-of-year depreciation for this final stock led to higher expenditure compared to the one retained in the 2009 budget. The final expenditure for the storage of alcohol led to over-spending the budget's voted appropriations by EUR 21.6 million which was covered by transfer of voted appropriations from other items of the budget.

Aids paid for the use of concentrated and rectified must were higher than the estimated still outstanding balances for which appropriations were retained in the 2009 budget, thus, resulting in an over-spending of the budget's appropriations by EUR 8.5 million which was covered by transfer of voted appropriations from other items of the budget.

Aids paid for the permanent abandonment of vineyards for the marketing year 2007/08 were higher than the estimated still outstanding balances for which appropriations were retained in the 2009 budget, thus, resulting in an over-spending of the budget's appropriations by EUR 1.9 million which was covered by transfer of voted appropriations from other items of the budget.

With regard to the national support programmes, Member States incurred lower expenditure in the areas of promotion, restructuring and potable alcohol distillation compared to the amounts foreseen in these programmes, thus, leading to under-spending the budget's appropriations by -EUR 47.0 million. However, it should be noted that this was the first year of application of these programmes and Member States might have needed more time in preparing their implementation.

With regard to the grubbing up scheme, the Budgetary Authority granted appropriations which were smaller than the ones requested by the Commission. However, applications for aid were much higher resulting in higher expenditure by the Member States concerned and, thus, leading to over-spending the budget's appropriations by EUR 6.4 million which was covered by transfer of voted appropriations from other items of the budget.

4.1.10. Article 05 02 10: Promotion

With regard to promotion measures paid by Member States, total payments amounting to EUR 46.5 million were made, thus, leading to under-executing the 2009 budget's appropriations by EUR 9.5 million. The payments related to promotion actions within the EU and in third countries amounted to EUR 33.5 million and EUR 13.0 million respectively.

With regard to promotion measures paid directly by the European Community, the Commission committed an amount of EUR 0.9 million versus the amount of EUR 2.1 million which was included in 2009 budget, thus, under-executing its appropriations by -EUR 1.2 million. These commitments related principally to information and communication campaigns involving the regimes of protected designations of origin (PDO), protected geographical indications (PGI) and traditional speciality guaranteed (TSG).

4.1.11. Article 05 02 11: Other plant products/measures

Aids for a quantity of dried fodder of 4.4 million tonnes were retained in the 2009 budget for the marketing year 2008/09. However, Member States incurred expenditure for a smaller (by approximately 16.6%) quantity of dried fodder, thus, under-spending the budget's appropriations by -EUR 18.4 million.

NB: The initial budget appropriations for this sector were reduced by EUR 18.4 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

The expenditure incurred by Member States for the POSEI programmes amounted to EUR 224.3 million, thus, under-spending the 2009 budget's appropriations by - EUR 10.7 million. This under-spending concerned primarily the POSEIMA and POSEICAN programmes.

NB: The initial budget appropriations for this sector were reduced by EUR 8.8 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

With regard to the Community fund for tobacco, the community's contribution towards Member States' tobacco reconversion plans amounted to EUR 1.1 million, thus, under-spending the 2009 budget's appropriations by -EUR 3.4 million.

4.1.12. Article 05 02 12: Milk and milk products

In order to counter the difficult market situation in the dairy sector, the Commission reintroduced export refunds in January 2009. Furthermore, significant quantities of skimmed milk powder and butter were bought into public storage for which the buying-in period was extended beyond the normal time limit of 31 August.

The 2009 budget having been established in September 2008 did not foresee appropriations for these operations.

As regards export refunds, the budget foresaw an amount of EUR 9.4 million in order to cover outstanding export refund payments from previous marketing years. Following the aforementioned reintroduction of export refunds, Member States incurred payments amounting to EUR 181.1 million, thus, over-spending the budget's appropriations by EUR 171.7 million. In addition to the budget's voted appropriations for this item, its funding was also covered by assigned revenue amounting to EUR 162.5 million and by transfer of voted appropriations from other items of the budget amounting to EUR 9.2 million.

Similarly, the budget did not foresee any appropriations in order to cover the expenditure incurred for the public storage of skimmed milk powder. However, around 0.274 million tonnes of this product entered public storage involving expenditure amounting to EUR 60.6 million for technical and financial costs as well as for end-of-year depreciation of the skimmed milk powder in store. Funding for this item was covered by assigned revenue amounting to EUR 58.3 million and by transfer of voted appropriations from other items of the budget amounting to EUR 2.3 million.

As regards butter, the appropriations foreseen in the 2009 budget amounted to EUR 17.0 million and concerned the expenditure for the private storage of butter for which EUR 17.6 million was eventually spent. However as regards the public storage of butter, the budget did not foresee any appropriations in order to cover the pertinent expenditure. However, around 0.083 million tonnes of this product entered public

storage resulting to expenditure for technical and financial costs as well as for end-of-year depreciation of the butter in store. In addition to the budget's voted appropriations for this item, its funding was also covered by assigned revenue amounting to EUR 7.1 million and by transfer of voted appropriations from other items of the budget amounting to EUR 2.0 million.

Under the specific uses for butterfat scheme, the 2009 budget retained appropriations amounting to EUR 18.9 million for aid to non-profit making institutions and organisations using butterfat and for the payment of outstanding balances from previous marketing years. However, the expenditure incurred was much lower, thus, resulting in under-spending the budget's appropriations by – EUR 10.5 million.

With regard to private storage for cheese, payments were made for quantities which were 15% lower than the ones foreseen in the 2009 budget, thus, under-spending the budget's appropriations by -EUR 2.5 million.

With regard to school milk, the quantities distributed were 9% higher than the quantities retained in the 2009 budget, thus, leading to an over-execution of the corresponding appropriations by EUR 5.2 million. In addition to the budget's voted appropriations for this item, its funding was also covered by assigned revenue amounting to EUR 4.9 million and by transfer of voted appropriations from other items of the budget amounting to EUR 0.2 million.

4.1.13. Article 05 02 13: Beef and veal

The quantity of fresh meat exported with refunds was higher at approximately 47.000 tonnes versus the quantity of 45.000 tonnes retained in the 2009 budget. However, the export refund rates paid were 20% lower than the rates retained in the budget. As a consequence, the corresponding appropriations were under-spent by approximately -EUR 3.5 million.

As regards exports of live animals, the estimated quantities exported were identical to the one foreseen in the 2009 budget. However, payments were also made for outstanding balances from previous marketing years, thus, over-spending the budget's appropriations by approximately EUR 1.7 million which was funded by transfer of voted appropriations from other items of the budget.

With regard to the exceptional market support measures, ie: the Over Thirty Months Scheme (OTMS) and the Older Cattle Disposal Scheme (OCDS), Member States incurred expenditure amounting to EUR 22.8 million for outstanding balances from previous marketing years, thus, over-spending the 2009 budget's appropriations by EUR 5.8 million which was funded by transfer of voted appropriations from other items of the budget.

The expenditure incurred by Member States for compensation and disposal of animals and meat in Ireland and the UK (budget item 05 02 13 99) amounted to EUR 4.9 million and was funded by transfer of voted appropriations from other items of the budget since no appropriations were foreseen in the voted budget for this measure.

4.1.14. *Article 05 02 15: Pig meat, eggs and poultry, bee-keeping and other animal products*

The expenditure incurred by Member States for export refunds for fresh and frozen pig-meat and for sausages amounted to EUR 59.9 million, thus, under-spending the budget's appropriations by -EUR 6.1 million because of the smaller quantity of sausages exported as well as because of the reduction in the export refunds' rate for fresh and frozen pig-meat.

Member States incurred expenditure for the private storage scheme amounting to EUR 3.6 million, thus, under-spending the budget's appropriations by -EUR 4.4 million.

With regard to export refunds for eggs, the exported quantities for all types of eggs decreased by 12% compared to the quantities retained in the 2009 budget while the export refund rates for all types of exported eggs also decreased. Consequently, Member States incurred lower than otherwise expenditure which led to under-spending the 2009 budget's appropriations by -EUR 2.5 million.

For export refunds for poultry, the average quantities of exported poultry decreased by approximately 4% compared to the quantities retained in the 2009 budget while the export refund rates for all types of poultry also decreased. These elements resulted in under-spending the budget's appropriations by -EUR 1.8 million.

The payments incurred by Member States for specific aid for bee-keeping were slightly higher compared to the appropriations retained in the 2009 budget, thus, leading to an over-execution of these appropriations by EUR 0.6 million which was funded by transfer of voted appropriations from other items of the budget.

The expenditure incurred by Member States for compensation and disposal of animals and meat in Ireland and the UK (budget item 05 02 15 99) amounted to EUR 15.0 million and was funded by transfer of voted appropriations from other items of the budget since no appropriations were foreseen in the voted budget for this measure.

4.2. **Chapter 05 03: Direct Aids**

The voted appropriations for this chapter of the budget amounted to EUR 37 779.0 million while payments amounted to approximately EUR 39 113.9 million. This apparent over-implementation was, primarily, attributable to the single payment scheme (payment appropriations had been reduced to take account of assigned revenue) and it was covered mainly by assigned revenue and partly by transfers from other items of the 2009 budget.

NB: For details please see point 4.2.1 hereafter.

4.2.1. *Article 05 03 01: Decoupled direct aids*

The appropriations of this article cover principally the expenditure for the single payment scheme (SPS) as well as for the single area payment scheme (SAPS) which is applied by 10 of the EU-12 Member States. Both payment schemes are paid independently of production.

With regard to the single payment scheme, the Budgetary Authority granted appropriations amounting to EUR 27 239.0 million because it took account of the revenue assigned to this budget item amounting to EUR 1 861.0 million. Hence, the total available credits for financing this scheme amounted to EUR 29 100.0 million. However, the Member States concerned incurred expenditure amounting to EUR 28 805.6 million. This expenditure was funded by the budget's voted appropriations of EUR 27 239.0 million as well as by part of the revenue assigned to this scheme of EUR 1 335.2 million and by transfers of appropriations from other items of the budget amounting to EUR 231.4 million.

The difference between the scheme's initially estimated requirements amounting to EUR 29 100.0 million and its final execution amounting to expenditure of EUR 28 805.6 million shows that a number of Member States did not make full use of their single payment scheme financial envelope. Member States, in general, invoked various reasons which made the full use of allocated entitlements difficult like the existence of "sleeping" rights, where a farmer has more entitlements than his eligible hectares or the non-activation of allocated entitlements. Furthermore, the number of hectares for which an application for aid is made could be less than the entitlements granted because of changes in individual personal circumstances of beneficiaries, like death, retirement etc. It has to be noted that unused entitlements return to the national reserve and they can be granted to other farmers.

With regard to the single area payment scheme, some of the Member States concerned did not pay the totality of their corresponding budgetary ceilings, thus, resulting in an under-execution of the 2009 budget's appropriations by -EUR 65.6 million. This under-execution is due to the fact that, in some Member States, the total eligible area declared by farmers is smaller than the area fixed in the legislation and which is used for the purpose of calculating the maximum rate of aid per hectare.

With regard to the separate sugar payment scheme, the Member States concerned did not pay the totality of their corresponding budgetary ceilings, thus, resulting in an under-execution of the 2009 budget's appropriations by -EUR 2.1 million.

4.2.2. *Article 05 03 02: Other direct aids*

The appropriations of this article cover expenditure for other direct aids for which Member States have chosen to maintain a limited link between the payment of these aids and production for a number of sectors, under well defined conditions and within clear limits, in order to avoid the abandonment of this production.

With regard to these schemes, the Commission had estimated that appropriations amounting to EUR 5 922.0 million (after modulation) were required. However, Member States incurred expenditure amounting to EUR 5 777.6 million, thus, under-spending the budget's appropriations by -EUR 144.4 million. For most schemes the Member States concerned incurred expenditure which was lower than the budget's retained appropriations the most significant of which related to:

- Sheep and goat premium: -EUR 11.1 million;
- Protein crop premium: -EUR 20.1 million;

- Aid for energy crops: -EUR 13.3 million;
- Area aid for cotton: -EUR 24.1 million.
- Transitional fruit and vegetables payment – Other than tomatoes: -EUR 11.7 million.

4.2.3. *Article 05 03 03: Additional amounts of aid*

The appropriations of this article cover expenditure for the additional amount of aid paid to farmers in the EU-15 Member States in order to compensate for the 5% modulation applicable to their first EUR 5 000 or less of direct payments. The corresponding expenditure incurred by Member States amounted to approximately EUR 542.2 million, thus, resulting in an under-implementation of -EUR 19.8 million of the budget's appropriations. This under-implementation result mainly from the under-implementation described above for both the single payment scheme and for other direct aids.

4.3. **Chapter 05 04: Rural Development**

4.3.1. *Article 05 04 01: Rural Development financed by the EAGGF-Guarantee. Completion of earlier programmes (2000 to 2006)*

No commitment appropriations can be made anymore for these programmes. At the same time, Member States were declaring recoveries of previously paid advances. The final net amount recovered under this article was equal to -EUR 13.3 million.

NB: These recoveries were reduced by EUR 13.2 million, by Amending Budget No 10/2009, in order to partly fund the European Economic Recovery Package-please see also point 1.7 above.

4.4. **Chapter 05 07: Audit of agricultural expenditure**

4.4.1. *Article 05 07 01: Control of agricultural expenditure*

This article involves the measures taken in order to reinforce the means of on-the-spot controls and to improve the systems of verification so as to limit the risk of frauds and irregularities in detriment of the Community budget. It mainly includes the amounts credited to the EAGF budget through the corrections from accounting clearance of accounts and from the non-respect of deadlines for payments to beneficiaries.

The European Community directly financed measures of approximately EUR 6.4 million mostly for the purchase of satellite images within the framework of the Integrated Administrative and Control System (IACS).

With regard to the accounting clearance of previous years' accounts, the total amount of corrections amounted to -EUR 115.1 million and originated, mainly, from the 2 accounting clearance decisions adopted by the Commission (Commission decisions

2009/87/EC and 2009/367/EC) taken within the year and from the corrections deducted from the Member States reimbursements for not respecting payment deadlines. The 2009 budget retained appropriations amounting to -EUR 490.0 million for these corrections. The Commission closed this account by transferring appropriations amounting to EUR 375.1 million from the assigned revenue collected in the course of 2009 EAGF budget year.

4.4.2. Article 05 07 02: Settlement of disputes

The appropriations of EUR 25.0 million foreseen in this article intend to cover expenditure for which the Commission may be held liable by decision of a court of justice, including the cost of settling claims for damages and interest. Payments made in 2009 amounted to EUR 35.5 million, thus, over-spending the budget's appropriations by EUR 10.5 million. In addition to the budget's voted appropriations for this item, its funding was additionally covered by assigned revenue amounting to EUR 7.2 million and by transfer of voted appropriations from other items of the budget amounting to EUR 3.3 million.

4.5. Chapter 05 08: Policy strategy and coordination

4.5.1. Article 05 08 01: Farm accountancy data network (FADN)

Appropriations committed with regard to the cost of data collection on approximately 82 059 farm holdings under this network amounted to approximately EUR 13.5 million, thus, under-executing the 2009 budget's commitment appropriations by -EUR 0.5 million.

4.5.2. Article 05 08 02: Surveys on the structure of agricultural holdings

Appropriations committed with regard to cost of data collection on the structure of approximately 6.6 million farm holdings amounted to approximately EUR 15.2 million, thus, under-executing the 2009 budget's commitment appropriations by -EUR 0.7 million.

4.5.3. Article 05 08 03: Restructuring of systems for agricultural surveys

Appropriations committed with regard to the cost of operating the MARS meteorological system amounted to approximately EUR 1.5 million, thus, committing almost all the appropriations foreseen in the 2009 budget.

4.5.4. Article 05 08 06: Enhancing public awareness of the common agricultural policy

Appropriations committed with regard to the cost of actions, fairs and publications aimed at improving the level of understanding of the CAP amounted to EUR 7.6 million versus the amount of EUR 8.0 million retained in the 2009 budget.

4.5.5. *Article 05 08 09: EAGF – Operational technical assistance*

Appropriations committed with regard to operational technical assistance for the EAGF amounted to approximately EUR 0.3 million versus the amount of EUR 3.3 million retained in the 2009 budget.

5. COMMENTS ON THE IMPLEMENTATION OF THE EAGF BUDGET FOR POLICY AREAS 11 AND 17

5.1. Fisheries (Policy area 11)

5.1.1. Article 11 02 01: Intervention in fishery products

Commitment appropriations for the intervention in fishery products totalled EUR 14.5 million and payment appropriations EUR 15 million. Commitment and payment appropriations were executed for a total sum of EUR 14.42 million and EUR 11 million respectively, i.e. a difference of EUR 0.08 million and EUR 3.9 million respectively (See tables below).

The overall under-use of the budget compared to the forecast figures mostly concerns the compensatory allowance for tuna and compensation under operational programmes. Regarding operational programmes, the compensation awarded by Member States to producer organisations is granted on a voluntary basis. The market situation led to an increase in the use of compensation for withdrawals, carry-over and private storage.

BUDGET 2009 – Commitments at 31/12/2009

Line	BUDGET 2009	Initial credits	Final credits after transfer	Committed before 31/12//2009	Balance commitments – final credits
11 02 01	Intervention in fishery products	14 500 000.00	14 500 000.00	14 419 576.35	80 423.65
	Total	14 500 000.00	14 500 000.00	14 419 576.35	80 423.65

BUDGET 2009 – Payments at 31/12/2009

Line	BUDGET 2009	Initial credits	Final credits after transfer	Paid before 31/12//2009	Balance payments – final credits
11 02 01	Intervention in fishery products	15 000 000.00	15 000 000.00	11 099 310.20	3 900 689.80
	Total	15 000 000.00	15 000 000.00	11 099 310.20	3 900 689.80

5.1.2. Article 11 02 03: Fisheries programme for the outermost regions

Commitment appropriations for the five outermost regions, i.e. the Azores, Madeira, the Canary Islands, French Guiana and Reunion, totalled EUR 15 million. Payment appropriations were set at EUR 18.8 million. Commitments and payments appropriations were executed for a total sum of EUR 14.9 million and EUR 13 million, i.e. a difference of EUR 3.2 million and EUR 5.7 million respectively (See tables below).

Therefore, almost 100% of commitment appropriations and 70% of payment appropriations were executed in 2009. The latest percentage is due to a number of clarifications requested to certain Member States regarding their declarations of expenditure.

BUDGET 2009 – Commitments at 31/12/2009

Line	BUDGET 2009	Initial credits	Final credits after transfer	Committed before 31/12/2009	Balance commitments – final credits
11 02 03	Fisheries programme for the outermost regions	15 000 000.00	15 000 000.00	14 996 768.00	3 232.00
	Total	15 000 000.00	15 000 000.00	14 996 768.00	3 232.00

BUDGET 2009 – Payments at 31/12/2009

Line	BUDGET 2009	Initial credits	Final credits after transfer	Paid before 31/12//2009	Balance payments – final credits
11 02 03	Fisheries programme for the outermost regions	18 800 000.00	18 800 000.00	13 055 164.83	5 744 835.17
	Total	18 800 000.00	18 800 000.00	13 055 164.83	5 744 835.17

5.2 Veterinary expenditure (Policy area 17)

5.2.1. *Chapter 17 01: Administrative expenditure of Health and Consumer Protection and Chapter 17 04: Food safety, animal health, animal welfare and plant health*

Introduction

Almost 98% of the C1 commitment credits available from the 2009 budget have been used; an amount of EUR 346.6 million out of EUR 354 million available for the operational and administrative credits for veterinary and plant health measures has been committed. Almost 82 % of the C1 payment appropriations have been used for these measures; an amount of EUR 208.9 million out of EUR 255.1 million available was paid.

Via an amending budget, the commitment appropriations have been increased by EUR 49.3 million; this increase was needed to cover the co-financing by the EU the administration of the vaccines against bluetongue in 2009. As in previous years, there have been some internal transfers; the most important one concerns the reinforcement with EUR 14.6 million of line 17 04 04 01 (for pinewood nematode inter alia in Portugal).

5.2.1.1 Execution of Chapter 17 01

Item 17 01 04 01: Plant-health measures. Expenditure on administrative management

The voted appropriations of EUR 0.3 million were entirely committed for the impact assessment on the plant health policy. Roughly 50% of the payment appropriations were used.

Item 17 01 04 05: Feed and food safety and related activities. Expenditure on administrative management

The voted appropriations of EUR 0.7 million were almost entirely committed in 2009. Nearly 44 % of the available payment appropriations were used.

5.2.1.2 Execution of Chapter 17 04: Food safety, animal health, animal welfare and plant health

Article 17 04 01: Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public health risk linked to an external factor.

The amount of available credits was via the amending budget increased from EUR 223 million to EUR 272.3 million. After a reallocation of credits, executed in the autumn of 2009, an amount of almost EUR 265.5 million was committed (163 commitments) according to the details mentioned below. The reduction of the number of commitments vis-à-vis 2008 (194 commitments) is due to the merge of the TSE, BSE and scrapie programmes into one.

- EUR 112.0 million for the bluetongue programmes;
- EUR 58.5 million for the TSE, BSE and scrapie programmes;

- EUR 71.4 million for the traditional eradication programmes;
- EUR 4.9 million for avian influenza survey programmes and
- EUR 18.6 million for the salmonella control programmes.

Payment credits were executed via 198 C1 payments for an amount of EUR 134.7 million. One payment was also made on C5 appropriations and five were made on C4 credits for a total amount of EUR 4.7 million.

Article 17 04 02 : Other measures in the veterinary, animal welfare and public health field.

The amount of available credits was after transfer increased from EUR 18.1 million to EUR 18.4 million; EUR 18.1 million thereof were committed.

The payment credits were executed via 222 payments (216 C1 and 6 C5 credits) up to a total sum of EUR 12.2 million.

Item 17 04 03 01 : Emergency fund for veterinary complaints and other animal contaminations which are a risk to public health.

Several transfers were made amongst which the most important amounting to EUR 14.6 million was transferred to the plant health line in order to support the eradication of pinewood nematode, in particular in Portugal. The remaining appropriations have been entirely committed via 12 transactions. Only 2/3 of the envelope of payment appropriations (EUR 60 million) has been paid. This is mainly due to the fact that the ex ante audits of claims for the emergency vaccination against bluetongue are still ongoing. Via 20 payments an amount of EUR 40.7 million was paid.

Item 17 04 03 03: Preparatory action. Control posts in relation to transport of animals.

The EUR 4 million foreseen on this line are committed. No payments were made in 2009.

Article 17 04 04: Plant-health measures.

As already mentioned above the commitment appropriations have been increased with EUR 14.6 million to approximately EUR 17.2 million. This increase was needed to cover the financing of the EU contribution towards the eradication of pinewood nematode, inter alia in Portugal.

Via 22 transactions, the available envelope for commitments has been consumed for more than 98%. 23 payments were made; they consumed almost 70% of the available envelope (EUR 2 million).

Article 17 04 07 : Feed and food safety and related activities.

Commitment appropriations were increased by a bit more than EUR 1 million to reach almost EUR 26 million. That amount was committed for almost 100 % via 99 transactions. 68 transactions were made to pay out a bit more than 97 % of the payment (EUR 19 million) appropriations.

5.2.1.3. Summary presentation of 2009 commitments and payments made for policy area 17 (except 17 03 02)

Overview of the commitments made in 2009 (C1)

Budget Line	BUDGET 2009	Initial Credits	Final credits after transfer	Committed	Balance commitments- final credits
17 04 01 01	Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public-health risk linked to an external factor	223 000 000	272 340 000	265 493 595	-6 846 405
17 04 02 01	Other measures in the veterinary, animal welfare and public-health field	18 100 000	18 402 027	18 116 450	-285 577
17 04 03 01	Emergency fund for veterinary complaints and other animal contaminations which are a risk to public health	30 000 000	14 095 235	14 095 235	0
17 04 03 03	Preparatory action related to animal welfare in control posts	4 000 000	4 000 000	4 000 000	0
17 04 04	Plant-health measures	2 500 000	17 175 920	16 849 400	-326 520
17 04 07	Feed and food safety– Expenditure on operational management	25 000 000	25 926 818	25 926 308	-510
17 01 04 01	Plant-health measures – Expenditure on administrative management	300 000	300 000	300 000	0
17 01 04 05	Food and feed – Expenditure on administrative management	675 000	675 000	674 930	-70
	Total	303 575 000	352 915 000	345 455 918	-7 459 082

Overview of the payments made in 2009 (C1)

Budget Line	BUDGET 2009	Initial Credits	Final credits after transfer	Paid	Balance payments- final credits
17 04 01 01	Animal disease eradication & monitoring programmes & monitoring of the physical conditions of animals that could pose a public-health risk linked to an external factor	155 000 000	155 000 000	134 690 936	-20 309 064
17 04 02 01	Other measures in the veterinary, animal welfare and public-health field	13 000 000	13 000 000	12 172 676	-827 324
17 04 03 01	Emergency fund for veterinary complaints and other animal contaminations which are a risk to public health	60 000 000	60 000 000	40 655 128	-19 344 872
17 04 03 03	Preparatory action related to animal welfare in control posts	4 000 000	4 000 000	0	-4 000 000
17 04 04	Plant-health measures	2 000 000	2 000 000	1 366 825	-633 175
17 04 07	Feed and food – Expenditure on operational management	19 000 000	19 000 000	18 465 484	-534 516
17 01 04 01	Plant-health measures – Expenditure on administrative management	300 000	300 000	144 519	-155 481
17 01 04 05	Food and feed – Expenditure on administrative management	675 000	675 000	174 074	-500 926
	Total	253 975 000	253 975 000	207 669 642	-46 305 358

The situation presented in the tables above does not include the budget item 17 01 04 31 whose execution amounted to EUR 1.1 million in both commitment and payment appropriations. Furthermore, these tables present only the situation as it regards C1 commitment and payment appropriations. For a global overview of the situation of C1, C4 and C5 commitments for chapters 17 01 and 17 04 please refer to annex 7 and 8.

The details of all the C1 commitments done in 2009 by Member State are given in annex 12.

5.2.2. Chapter 17 03 : Public health

Article 17 03 02 : Community Tobacco Fund. Direct payments by the European Union

Almost 100% of the 2009 budget's appropriations (EUR 16.8 million) have been used to fund information programmes of the anti-smoking 'HELP 2.0 – for a life without tobacco' campaign.

This large media campaign is conceived with a special focus on young people and addresses tobacco prevention, cessation and the dangers of passive smoking in the 27 European Union Member States. This initiative is based on an interactive concept, the "Tips", which allows full participation of its main target: the campaign is co-designed by young people at all stages.

"Help TV Campaign" was launched on World No Tobacco Day 31st May 2009 on 134 national TV channels across 27 Member States, with a Pan-European TV campaign following in September. The three adverts, addressing cessation, prevention and passive smoking, were based around the "tips" concept which is at the heart of the Help campaign – the films show a young European's absurd tip on how to tackle a smoking issue, and then lead the audience to real advice available on the Help website. 26,000 spots were broadcast in 2009, on 134 TV channels, with a total of 566 219 000 contacts achieved.

The TV campaign is systematically pre and post-tested by Ipsos, the survey-based market research company. Interviews with 26,000 Europeans following the broadcast of the TV campaign are the basis for in-depth evaluation of the impact of the "Help" message across Europe. The Ipsos results show that the Help campaign had a wide reach and the key messages were clearly understood as 48% of all Europeans and 68% of Europeans under 25 years old saw the TV adverts; 89% of young Europeans understood that help was available and 88% of young Europeans recalled that the campaign said a website/phone was also available to provide help.

Online Campaign: In order to reach its core audience (15-24 year olds), the HELP campaign's presence in the webosphere was reinforced with specific online campaigns and an investment in online search. The campaigns were present on youth-oriented national websites in all European countries and on pan-European sites such as Facebook, Yahoo, MSN and YouTube. Original creatives were used in order to catch the attention of web users and bring them to the Help website. A total of 650 million impressions were achieved in 2009.

Press and public relations were capitalised upon by the Help campaign in 2009 as a unique way to enter the everyday lives of our targets and reinforce the power and reality of the Help message. The purpose of the PR activities in 2009 was to obtain maximum editorial coverage about Help in the print press, on the Internet and on radio and television. In total over 1,400 press cuttings related to the Help campaign were collected.

A widespread in-the-field activity took place as part of the local relay of the Help campaign in 2009. Over 360 events took place across the 27 Member States, including a major launch of the campaign on the 31st May, World No Tobacco Day, at the Brussels 20km race. The general public could carry out CO (carbon monoxide)

measurements at the Help stands, an interactive and entertaining way to make visitors aware of the effects of tobacco on their health. Almost 115 000 CO tests were carried out over the year.

The new and improved Help campaign website (www.help-eu.com), active in 22 languages, was launched following a consultation with young people, and boasts even more interactive features including the “MyHelp Space” personalised page, a relay of all the campaign actions (films, events, tips, Helpisodes) and videos featuring serious advice from anti-smoking experts. It received nearly 4 million visitors in 2009.

In line with the “tips” strategy at the heart of the campaign, the Help website invites users to contribute their own absurd or serious tips in the form of home-made videos and posters, as well as screening tip videos recorded at Help events. Over 1000 tips have been collected to date in the field and on the website in 2009.

For the first time ever, the Help website was also accompanied by “Help in your Pocket” in 2009, a mini-site accessible through your mobile, which allows users to get help whenever and wherever they are.

The "help 2.0" campaign is today one of the largest public health awareness-raising initiatives ever organised in the world.

6. IMPLEMENTATION OF ASSIGNED REVENUE

6.1. Revenue assigned to EAGF

The assigned revenue actually carried over from 2008 into 2009, amounted to EUR 1 474.1 million and has been entirely used for financing expenditure of the 2009 budget year in accordance with article 10 of the Financial Regulation. This amount covered expenditure of EUR 343.8 million for the operational funds for producer organisations and of EUR 1 130.4 million for the single payment scheme. (NB: For details please see annex 10 hereafter).

As far as the assigned revenue collected in 2009, the annex 9 shows that this revenue amounted to EUR 1 086.0 million and it originated from:

- The corrections of the conformity clearance procedure which amounted to approximately EUR 600.5 million.
- The receipts from irregularities which amounted to approximately EUR 147.9 million.
- The milk levy collections which amounted to approximately EUR 337.6 million.

A part of the assigned revenue collected in 2009 amounting to EUR 944.5 million was used in order to cover expenditure incurred within the year:

- EUR 357.5 million was used to cover expenditure for certain market sectors: ie:, for cereals (EUR 18.3 million), for fruit and vegetables (EUR 106.4 million) and for milk (EUR 232.8 million);

- EUR 204.8 million was used to cover expenditure for the single payment scheme;
- EUR 382.1 million was used to cover the amounts still outstanding in the accounting clearance and in the settlement of disputes accounts;

The balance of the assigned revenue collected in 2009 amounting to EUR 141.5 million was automatically carried over into the 2010 budget in order to fund budgetary needs of that year.

6.2. Assigned revenue concerning temporary restructuring amounts in the sugar sector

In November 2008 Member States paid the second instalment of the temporary restructuring amounts due for the 2007/08 sugar quotas while in March 2009 they paid the first instalment of the amounts due for the 2008/09 sugar quotas. The total amount of assigned revenue paid by Member States in 2009 was EUR 1 741.4 compared to the amount of EUR 1 742.0 million initially estimated. In addition, contrary to the initially estimated amount of EUR 2 006.0 million, the assigned revenue carried over from 2008 into 2009 amounted to EUR 2 044.6 million. Therefore, the total amount of assigned revenue available to the EU budget in 2009 in the form of temporary restructuring amounts came to EUR 3 786.0 million.

At this point in time, after the aid payments made to the beneficiaries of the sugar restructuring fund, the temporary restructuring amounts present a balance of EUR 768.3 million which will be carried forward into 2010.

For more details, please see also point 1.8 and annexes 9 and 10.

6.3. Sugar Restructuring Fund

In the course of the 2009 budget year, Member States made total payments for aids to the restructured sugar industry, for diversification aids as well as for aids to sugar refining which amounted to approximately EUR 3 017.7 million. These aids were paid from the aforementioned revenue originating from the temporary restructuring amounts in the sugar sector. Specifically, as regards the payment of these aids, approximately an amount of EUR 2 044.6 million was funded by the assigned revenue carried over from 2008 while the balance amounting to EUR 973.1 million was paid from the assigned revenue transferred to the EU budget in 2009.

(NB: For details, please see annex 9 and 10 hereafter).

7. BREAKDOWN BY TYPE OF EXPENDITURE

The total EAGF expenditure amounts to EUR 43 454.1 million (excluding the Sugar Restructuring Fund). Hereafter, this expenditure is presented broken down into the most significant categories along with the percentage that these represent in the total EAGF expenditure for 2009:

Storage

Expenditure for storage amounted to EUR 173.4 million, i.e.: 0.04 % of the total. The main products involved were products of the cereals, wine, and milk and pig meat sectors.

Export refunds

Spending on export refunds amounted to EUR 649.5 million, i.e.: 1.509 % of the total.

Other market measures

Other market measures expenditure amounted to EUR 3 085.6 million, i.e.: 7.10 % of the year's total. This category covers expenditure mainly relating to the cereals, fruit and vegetables, wine, milk and milk products, beef and veal, pig meat markets as well as the food programmes. It also includes part of the corrections arising from the audit of agricultural expenditure.

Direct aids

Expenditure for direct aids amounted to EUR 39 113.9 million, i.e.: 90.01 % of the total.

Direct expenditure

This expenditure amounting to EUR 447 million, i.e.: 1.03% was made directly by the Commission and it mostly covered the expenditure relating to farm accounting and agricultural surveys as well as the expenditure for veterinary measures.

Rural development

No appropriations were foreseen in the 2009 budget for the Guarantee Section of the ex-EAGGF¹². At the same time, Member States were declared recoveries of previously paid amounts to -EUR 13.3 million.

The evolution of this breakdown by type of expenditure for the period 2004-2009 is presented in annex 32.

¹² Rural development financed by the ex-European Agricultural Guidance and Guarantee Fund-Guarantee Section (EAGGF) –Programming period 2000-2006.

8. SPECIFIC ACTIVITIES

8.1. Supply of food from intervention stocks for the benefit of the needy in the Community

In the particularly harsh winter 1986/87, the Community organised an emergency programme for the supply of foodstuffs to the most deprived persons in the Community for a limited period.

When this emergency programme ended, the Community received many calls for this type of measure to be applied on a permanent basis. The Commission submitted a proposal to the Council, which adopted it as Regulation (EEC) No 3730/87 laying down general rules for the supply of food from intervention stocks to designated organisations for distribution to the most deprived persons in the Community. The Commission then adopted an implementing regulation (Commission Regulation (EEC) No 3149/92¹³). In 2007, Council Regulation (EEC) No 3730/87 was repealed and provisions for the Programme were integrated in article 27 of the "Single CMO"¹⁴ Regulation.

Since 1987, the Commission has adopted a distribution plan each year specifying the budget resources and quantities of products allocated to the Member States involved in the scheme.

In 2009, a total of 18 Member States wished to take part in the action (Czech Republic decided to withdraw). The appropriations were shared among the participating Member States according to the number of persons at risk of poverty and the GNI based on the most recent Eurostat statistics, together with the needs for food aid reported by Member States authorities to the Commission. The annual plan was established after consultation of the charities. It was administered at national level by the authorities of the participating Member States. Each Member State designated the organisations that had to distribute food to the needy.

Only sugar was available in intervention in 2009 and therefore resources for purchase on the market of products not forthcoming in intervention were made available. The measure also allowed the transfer of sugar from the Member States where stocks were available, to Member States where such stocks were necessary to implement the scheme but unavailable in Community storage.

The annual plan 2009 was published on 9 October 2008 as Commission Regulation (EC) 983/2008¹⁵, the financial resources made available for the participating Member states to implement the plan accounted for EUR 496 million while final appropriations for this measure from the budget amounted to EUR 500 million (the budget has been raised by 2/3 compared to 2008). The plan has been modified once by Commission Regulation (EC) No 1303/2008¹⁶ to correct the spelling of some intervention agencies annexed to the Regulation.

¹³ OJ L 313, 30.10.1992, p. 50.

¹⁴ Council Regulation (EC) No 1234/2007 of 22 October 2007, OJ L 299, 16.11.2007, p. 1.

¹⁵ OJ L 268, 9.10.2008, p. 3.

¹⁶ OJ L344, 20.12.2008, p. 27.

In the 2009 plan, the budget appropriations allocated to each participating Member State amounted to:

TABLE 1

2009 plan - Allocation of budget appropriations

Member State	EUR
Belgium	6 984 395
Bulgaria	8 666 207
Estonia	320 646
Greece	20 045 000
Spain	61 957 787
France	77 884 234
Ireland	397 711
Italy	129 220 273
Latvia	5 463 353
Lithuania	9 392 047
Luxembourg	128 479
Hungary	13 417 068
Malta	725 419
Poland	102 177 040
Portugal	24 718 296
Romania	28 202 682
Slovenia	2 279 813
Finland	4 019 550
TOTAL	496 000 000

Within the aforementioned allocations, the quantities of sugar attributed to each participating Member State for distribution to the most deprived persons amounted to:

TABLE 2

2009 plan - Allocation of public storage sugar - (Tonnes)

Member State	Sugar
Belgium	4 000
Bulgaria	5 700
Spain	8 450
France	4 995
Italy	12 556
Lithuania	5 614
Hungary	5 000
Malta	571
Poland	49 544
Portugal	2 158
Romania	20 000
Slovenia	1 100
TOTAL	119 688

Equally within the aforementioned allocations, of budget appropriations to each participating Member State for purchases of products in the market for distribution to the most deprived persons were:

TABLE 3**2009 plan - Allocation of budget appropriations for purchases in the market**

<i>EUR</i>			
Member State	Cereals	Rice	Skimmed milk powder
Belgium	2 026 200	300 000	3 000 000
Bulgaria	3 545 850	2 400 000	424 500
Estonia	303 930		
Ireland			376 977
Greece	6 000 000	3 000 000	10 000 000
Spain	13 170 300	2 340 000	40 483 716
France	16 412 220	7 897 500	47 898 216
Italia	34 458 775	3 000 000	80 962 837
Latvia	3 312 432		1 866 102
Lithuania	3 317 885	1 543 920	2 224 368
Luxembourg			121 781
Hungary	9 000 000		2 100 000
Malta	80 964	34 250	387 714
Poland	36 471 600		44 350 200
Portugal	2 623 162	3 074 726	17 033 678
Romania	20 262 000		
Slovenia	486 288	300 000	1 018 800
Finland	2 640 000		1 170 000
TOTAL	154 111 606	23 890 396	253 418 889

For the 2009 budget year, the participating Member States spent approximately EUR 477.9 million for the food programmes as detailed in the following table:

TABLE 4**Expenditure declared until October 2009**

Member States	EUR
Belgium	7 643 772
Bulgaria	5 789 793
Estonia	315 434
Greece	19 674 437
Spain	60 123 400
France	75 804 533
Ireland	376 977
Italy	126 067 729
Latvia	1 414 426
Lithuania	9 196 348
Luxembourg	120 123
Hungary	13 205 194
Malta	718 136
Poland	100 028 990
Portugal	23 729 156
Romania	27 578 353
Slovenia	2 239 055
Finland	3 864 401
TOTAL	477 890 257

8.2. Promotion measures – payments by Member States

Information and promotion programmes for agricultural products implemented in the EU and elsewhere are financed under this chapter. Legal basis is provided by Council Regulation (EC) No 3/2008 and Commission Regulation (EC) 501/2008.

Programmes are submitted by representative professional and inter-professional organisations to Member States; the latter being responsible for programme management once the Commission has confirmed the selection and agreed the part-financing. The rate of co-financing of the action plans is 50%. In 2008, the Council accepted an increase of this percentage up to 60% for specific promotion actions concerning fruit and vegetables for school pupils and information on responsible drinking patterns and harm linked to hazardous alcohol consumption.

The rules also allow the financing of information measures carried out on the initiative of the Commission (sending trade missions to third countries and providing the latter with information on protected designations of origin, protected geographical indications and organic production).

Payments made by Member States from the EU budget for promotion measures amounted to EUR 46.5 million, as compared to the 2009 budget appropriation of EUR 56.0 million. This discrepancy was mainly due to the termination of 8 promotion programmes adopted during the previous years but still ongoing, following the Decision of the German Constitutional Court on the non constitutionality of the resources of the country's main professional organisation. During 2009, a complementary amount of 20 million was dedicated by the Commission to promotion programmes concerning exclusively dairy products to mitigate the severe consequences of the crisis affecting this sector for several years.

The number of approved programmes in 2008 was 42. In 2009, (between 1 January and 31 December 2009), 39 new promotion programmes were approved, both on the internal market and in third countries, by three separate Commission decisions.

9. CONTROL MEASURES

9.1. Introduction

The EU legislation provides for a comprehensive system of management and controls which relies on four levels:

- (a) compulsory administrative structure at the level of Member States, centred around the establishment of paying agencies and an accreditation authority at high level which is competent for issuing and withdrawing the agency's accreditation. The decision for issuing the accreditation is based on a detailed review by an external audit body;
- (b) detailed systems for controls and dissuasive sanctions to be applied by those paying agencies, with common basic features and special rules tailored to the specificities of each aid regime;

- (c) ex-post controls by independent audit bodies on the paying agencies' annual accounts and the functioning of their internal control procedures (under Regulation (EC) No 885/2006¹⁷) and by special departments on aid measures other than direct payments covered by the IACS (checks based on Regulation (EC) No 485/2008¹⁸);
- (d) clearance of accounts through the Commission (both annual financial clearance and multi-annual conformity clearance).

These four levels establish a comprehensive system for the management and control of agricultural expenditure. It includes, on the one hand, all the necessary building blocks to guarantee a sound administration of the expenditure at Member States' level and, on the other hand, allows the Commission to counter the risk of financial losses as a result of any deficiencies in the set-up and operation of those building blocks through the clearance of accounts procedure.

Article 9(1) of Regulation (EC) No 1290/2005¹⁹ provides for the general obligation of Member States to ensure that transactions financed by the EAGF and the EAFRD are carried out and executed correctly, to prevent and deal with irregularities and to recover amounts unduly paid.

In complement to this general obligation, there is a system of controls and dissuasive sanctions of final beneficiaries which reflects the specific features of the regime and the risk involved in its administration.

The controls are carried out by the paying agencies or by delegated bodies operating under their supervision and effective, dissuasive and proportionate sanctions are imposed if the controls reveal non-compliance with EU rules. The system generally provides for exhaustive administrative controls of 100% of the aid applications, cross-checks with other databases where this is considered appropriate as well as pre-payment on-the-spot controls of a sample of transactions ranging between 1% and 100%, depending on the risk associated with the regime in question. For example, the control rate in the framework of the Integrated Administration and Control System (IACS) is normally 5%. If the on-the-spot controls reveal a high number of irregularities, additional controls must be carried out. The sample of transactions is determined on a risk and/or random basis.

In addition, for most regimes which are not subject to the IACS, on top of the primary and secondary control levels, *ex-post* controls must be carried out in accordance with Regulation (EC) No 485/2008.

9.2. Integrated Administration and Control System (IACS)

Regulations (EC) No 1782/2003²⁰ and (EC) No 796/2004²¹ contain the rules on the IACS.

¹⁷ OJ L 171, 23.6.2006, p. 90–110.

¹⁸ OJ L 143, 3.6.2008, p. 1–9.

¹⁹ OJ L 209, 11.08.2005, p. 1.

²⁰ OJ L 270, 21.10.2003, p. 1.

²¹ OJ L 141, 30.4.2004, p. 18.

A fully operational IACS consists of: a computerised database, an identification system for agricultural parcels and farmers claiming aid, a system for identification and registration payment entitlements, aid applications and integrated controls system (claim processing, on-the-spot checks and sanctioning mechanisms) and a system for identifying and registering animals where applicable. The IACS is fully automated and provides highly efficient controls by maximising the use of computerised and remote controls.

This system foresees a 100% administrative control covering the eligibility of the claim, complemented by administrative cross-controls with standing databases ensuring that only areas or animals that fulfil all eligible requirements are paid premium and by a minimum 5% of on-the-spot checks to check the existence and eligibility of the area or the animals claimed.

The use of standing databases, which are appropriately updated, is well adapted to the schemes whereby aids are directly paid to the farmers and based on the surfaces or on the number of animals, in that the risk can be reduced to the lowest levels. Moreover, the result of the ECA' work shows that, when accurate and reliable data is introduced and the system is properly implemented, the IACS is an effective control system to limit the risk of irregular expenditure. (see point 5.20 and 5.52 in the Court's Annual Report for 2007).

For the financial year 2009, IACS covers some 89% of the EAGF-expenditure. Furthermore, the relevant components of the IACS are applicable to the rural development measures, which are based on area or number of animals. Such measures include, inter alia, agri-environment and animal welfare measures, less-favoured areas and areas with environmental restrictions and afforestation of agricultural land. For financial year 2009, around 59.7% of payments made under the EAFRD were concerned.

The Commission services verify the effectiveness of Member States' IACS and homogenous implementation by means of both on-the-spot auditing and general supervision based on annually supplied financial and statistical data. It has been established already for some years now that the IACS provides an excellent and cost effective means of ensuring the proper use of EU funds.

9.3. Market measures

Market refunds not covered by the IACS comprise other aid schemes, for example export or storage aid, which are governed by specific rules as regards controls and sanctions, as set out in the sector-based regulations.

Aids are paid on the basis of claims, often involving the lodging of administrative and/or end-use securities, which are systematically (100%) checked administratively for completeness and correctness. The more financially important aid schemes are also subject to regular accounting controls performed in situ on commercial and financial documents.

9.4. Application of Council Regulation (EC) No 485/2008 (ex-post controls)

Regulation (EC) No 485/2008 provides for an ex-post control system which is a complement to the sectoral control systems described above. The system constitutes an extra layer of control which contributes to the assurance that transactions have been carried out in conformity with the rules or otherwise allows recovering the unduly paid amounts.

The scrutiny relates to the commercial documents of those entities receiving or making payments relating directly or indirectly to the system of financing by the EAGF, or their representatives, in order to ascertain whether transactions forming part of the system of financing by the EAGF have actually been carried out and have been executed correctly.

The ex-post scrutiny is to be carried out by a body in the Member State, which is independent of the departments within the paying agency responsible for the pre-payment controls and the payments. It covers a wide range of CAP subsidies including export refunds, processing and production subsidies etc. In fact, the ex-post scrutiny covers all subsidies paid to beneficiaries from EAGF (except payments covered by IACS and those excluded by Regulation (EC) No 2311/2000²²).

In 2009 five missions were carried out covering the following Member States: Belgium, Bulgaria, Portugal, Romania and Spain.

The missions showed that in general checks pursuant to Regulation (EC) No 485/2008 function well in the Member States.

Although there might not be a direct link between the expenditure incurred in 2009 and the one controlled by the post-payment checks, nonetheless assurance can be derived from those checks for 2009 expenditure because the system of controls as such is functioning properly and the error rate revealed is consistently stable and well below materiality.

10. CLEARANCE OF ACCOUNTS

10.1. Conformity clearance - Introduction

It is primarily the Member States' responsibility to satisfy themselves that transactions are carried out and executed correctly via a system of control and dissuasive sanctions. Where Member States fail to meet this requirement, the Commission applies financial corrections to protect the financial interests of the EU.

The conformity clearance relates to the legality and regularity of transactions. It is designed to exclude expenditure from EU financing which has not been effected in compliance with EU rules, thus shielding the EU budget from expenditure that should not be charged to it (financial corrections). In contrast, it is not a mechanism by which irregular payments to beneficiaries are recovered, which according to the principle of shared management is the sole responsibility of Member States although

²² OJ L 265, 19.10.2000, p. 10.

such responsibility should be executed in accordance with the principles of effectiveness and equivalence.

Financial corrections are determined on the basis of the nature and gravity of the infringement and the financial damage caused to the EU. Where possible, the amount is calculated on the basis of the loss actually caused or on the basis of an extrapolation. Where this is not possible, flat-rates are used which take account of the severity of the deficiencies in the national control systems in order to reflect the financial risk for the EU.

Where undue payments are or can be identified as a result of the conformity clearance procedures, Member States are required to follow them up by recovery actions against the final beneficiaries. However, even where this is not possible because the financial corrections only relate to deficiencies in the Member States' management and control systems, financial corrections are an important means to improve these systems and thus to prevent or detect and recover irregular payments to final beneficiaries. The conformity clearance thereby contributes to the legality and regularity of the expenditure both at the level of the final beneficiaries and of the national paying agencies.

10.2. Conformity clearance - Audits and decisions adopted in 2009

10.2.1. Audits

The following table presents an overview of the conformity missions and their coverage in respect of financial year 2009, broken down per ABB-activity:

FY 2009	ABB 02	ABB 03	ABB 04	Total (1)
No of conformity audits with missions carried out (2)	43	31	29	103

(1) Not including 8 audits covering cross-compliance, 4 audits covering entitlements and 5 audits covering irregularities.

(2) If an audit covers more than one ABB, it is allocated to all ABB covered by that audit.

10.2.2. Conformity decisions

During the financial year 2009, two conformity decisions were adopted which had a financial impact in the year. These decisions resulted in the exclusion from EU financing of a total of EUR 655.5 million covering expenditure in the financial years from 2001-2007:

- Decision 2008/960/EC of 8 December 2008 – 29th Decision, amount of EUR 528.5 million,
- Decision No 2009/253/EC of 19 March 2009 – 30th Decision, amount of EUR 127 million.

The breakdown according to sectors is as follows:

in EUR million

	Decision 29	Decision 30
Animal premium	42,0	0,2
Arable crops	0,1	102,1
Export refunds	-	20,5
Financial audit & other	153,8	-
Cotton	67,4	-
Fruit & vegetables	75,7	1,9
Intervention measures	6,2	2,3
Olive oil	189,2	-
Rural development	1,5	-
Wine & Tobacco	-13,5	-
Cross-compliance	6,1	-
TOTAL	528,5	127,0

Regulation (EC) No 1290/2005 introduced an automatic clearing mechanism for non recovered irregular payments after 4 years or, in case the recovery is challenged in national courts, 8 years after the establishment of the irregularity. The financial consequences of non recovery are shared by the Member State concerned and the EU on a 50 %-50 % basis. The validity of this '50-50-rule' has been confirmed by the General Court (judgement of 22 April 2010, joined cases T-274/08 and T-275/08). However, the Commission may still decide to charge the Member State for 100 % in cases of negligence by the Member State.

Regarding financial year 2009, Member States reported the information about recovery cases by 1 February 2010. The Member States recovered EUR 125 million during financial year 2009, and the outstanding amount still to be recovered from beneficiaries at the end of that financial year was EUR 1 115 million. The financial consequences of non recovery for cases dating from 2005 or 2001 accounts to EUR 34.7 million to the Member States. Around EUR 21 million will be borne by the EU budget for cases reported irrecoverable during financial year 2009.

10.3. Financial clearance

10.3.1. Introduction

The financial clearance covers the accounts and control systems set up by the paying agencies. Within this framework, DG AGRI pays particular attention to the certifying bodies' conclusions and recommendations (where weaknesses are found), following their reviews of the paying agencies' management and control systems. As part of this review, the DG AGRI departments also cover aspects relating to the accreditation criteria for the paying agencies and protecting the financial interests of the EU as regards the advances paid, securities obtained and intervention stocks.

The Commission adopts an annual clearance of accounts decision clearing the paying agencies' annual accounts on the basis of the certificates and reports from the certifying bodies, but without prejudice to any subsequent decisions to recover expenditure which proves not to have been in accordance with the EU rules. The Commission must clear the accounts and adopt its clearance decision by 30 April of the year following the financial year in question.

10.3.2. Decisions

10.3.2.1 Financial clearance for financial years before 2007

In respect of financial year 2006 DG AGRI launched the procedures for adopting one additional decision clearing the annual accounts of Bayern Umwelt (Germany) and IFADAP (Portugal). Thus, only the accounts of ARBEA (Italy) have not yet been cleared. The total amount still to be cleared is EUR 124 million, representing 0.2 % of total expenditure in financial year 2006.

In respect of financial year 2007, three clearance decisions were adopted in January 2009, clearing the EAGF-accounts of Dienst Regelingen (Netherlands), PRIA (Estonia) and INGA (Portugal); the EAFRD-accounts of AMA (Austria), ALV and Région Wallonne (Belgium), Baden-Württemberg and Bayern (Germany) and also the TRDI-expenditure of PRIA (Estonia). At the end of 2009, three further decisions were launched clearing the annual accounts of an additional 5 paying agencies in respect of their expenditure funded by the EAGF, the EAFRD and the TRDI. Only the accounts of ARBEA (Italy) remain disjoined. The total amount still to be cleared is EUR 101 million, representing 0.2 % of total expenditure in financial year 2007.

10.3.2.2 Financial clearance decision for the financial year 2008

On 29 April 2009 the Commission adopted three decisions clearing the annual accounts of 68 paying agencies in respect of their expenditure funded by the EAGF, the EAFRD and the TRDI. By means of these decisions it cleared an amount of EUR 34 297 million for the EAGF, an amount of EUR 5 119 million for the EAFRD and an amount of EUR 452 million for the TRDI.

At the end of 2009 DG AGRI launched the procedures for adopting three further decisions clearing the annual accounts of 10 paying agencies in respect of their expenditure funded by the EAGF, the EAFRD and the TRDI. By means of these decisions an additional amount of EUR 1 879 million for the EAGF, an amount of EUR 566 million for the EAFRD and an amount of EUR 2 million for the TRDI were cleared in January 2010.

The accounts of ARBEA, Bayern StMLF, ODARC and OPEKEPE are still to be cleared. In total, EUR 2 563 million is still to be cleared for the EAGF, and EUR 376 million for the EAFRD i.e. around 5 % of expenditure. All TRDI expenditure has been cleared.

10.4. Appeals brought before the European Courts against clearance decisions

10.4.1. Judgments handed down

In the financial year 2009 the Court handed down 15 judgments in appeals brought by the Member States against clearance decisions.

In financial year 2009 the Court rejected appeals brought in the following cases:

- judgment of 12 November 2008 in case T-60/07 brought by Kingdom of Spain;
- judgment of 13 November 2008 in case T-224/04 brought by Italian Republic;
- judgment of 26 November 2008 in case T-263/06 brought by Hellenic Republic;
- judgment of 26 November 2008 in case T-278/06 brought by United Kingdom of Great Britain and Northern Ireland;
- judgment of 30 April 2009 in case T-281/06 brought by Kingdom of Spain;
- judgment of 11 June 2009 in case T-33/07 brought by Hellenic Republic;
- judgment of 16 June 2009 in case T-369/05 brought by Kingdom of Spain;
- judgment of 10 July 2009 in case T-373/05 brought by Italian Republic;
- judgment of 4 September 2009 in case T-368/05 brought by Republic of Austria;
- judgment of 30 September 2009 in case T-55/07 brought by Kingdom of the Netherlands;
- judgment of 30 September 2009 in case T-432/07 brought by Republic of France.

In financial year 2009 the Court partially annulled Commission decisions in the following cases:

- judgment of 17 June 2009 in case T-50/07 brought by Portuguese Republic concerning decision ad-hoc No 23;
- judgment of 1 July 2009 in case T-259/05 brought by Kingdom of Spain concerning decision ad-hoc No 18;
- judgment of 12 September 2009 in case T-243/05 brought by Hellenic Republic concerning decision ad-hoc No 18.

In financial year 2009, the Court annulled the Commission decision in the following case:

- judgment of 30 September 2009 in case T-183/06 brought by Portuguese Republic concerning decision ad-hoc No 21.

10.4.2. Appeals pending

The situation as at 15 October 2009 with regard to appeals pending is shown, together with the amounts concerned, in annex 34

11. RELATIONS WITH PARLIAMENT AND THE EUROPEAN COURT OF AUDITORS

11.1. Relations with Parliament

The European Parliament is, together with the Council, part of the EU's Budgetary Authority. It is thus one of the most important discussion partners of the Commission on budgetary matters and therefore on the EAGF.

Three EP committees are involved in the discussions and the preparation for the plenary on agricultural budgetary matters. These are the Committee on Agriculture and Rural Development, the Committee on Budgets and the Committee on Budgetary Control.

The Committee on Budgetary Control monitored the correct implementation of the 2007 budget. It was asked to draw up the Parliamentary Decision (OJ L 255, 26 September 2009) by which discharge (in respect to the implementation of the general budget of the European Union for the 2007 financial year) was granted to the Commission on 23 April 2009.

11.2. Relations with the European Court of Auditors

11.2.1. Mission of the European Court of Auditors

The European Court of Auditors is the Union's external auditor, in charge of the audit of the Union finances with a view to improving the Union financial management. The Maastricht Treaty strengthened its role by requiring it to provide a statement of assurance as to the reliability of the Community accounts and the legality and regularity of the underlying transactions. Issuing this statement certifies that the accounts give an accurate picture of the year in question. It is also of prime importance to the budgetary authority in its deliberations on the granting of the discharge.

The Treaty of Lisbon has not introduced any substantial modification to the Court's structure, functioning and role.

As part of its work, the Court carries out numerous audits within the Commission services. Court officials frequently visit the Directorate-General for Agriculture and Rural development to gather facts and figures needed for the Court's opinions, sector letters and annual and special reports. In the light of these investigations the Court frequently makes suggestions and recommendations to the Commission as to how to improve its financial management and make Community supervisory and control systems more effective.

11.2.2. Annual Report 2008

Each year the Court of Auditors draws up a report which over several chapters scrutinises the management of the Community budget for the previous financial year. The report is the result of the audits made by the Court in the Community institutions and inspection visits to Member States.

According to international audit practices contradictory meetings are held between the auditor (Court of Auditors) and the auditee (Commission) before the report is published. In these meetings the Court's findings and conclusions and the Commission's arguments and replies are discussed in order to find full agreement on the facts.

The annual report for the 2008 financial year together with the Commission's replies included one chapter (Chapter 5) on Agriculture and natural resources, covering the Agricultural Guarantee Fund expenditure. For the first time the Court of Auditors has concluded that the policy group "Agriculture and Natural resources" as a whole is free from material error and that the overall estimated error rate is below the materiality threshold of 2%.

The main findings by the Court and the replies given by the Commission concerned the following domains:

Regularity of transactions in Agriculture and rural development (5.13-5.22; 5.62)

IACS (5.27–5.32; 5.35-5.38; 5.64; Annex 5.1, table 2.1)

Rural development (5.33; 5.39-5.41; 5.63; 5.66; Annex 5.1, table 2.2)

Single Payment Scheme – Cross compliance (5.46-5.52; 5.65)

The Commission's clearance of accounts procedure (5.53–5.59; Annex 5.3)

The follow-up to previous observations is included in Annex 5.2 and relate to issues such as interest rate subsidies, agri-environmental measures, IACS, SPS, olive oil and ex-post scrutiny.

Like in previous years, the Court's observations on budgetary management were consolidated in a separate chapter of the report (Chapter 3). Another separate chapter is devoted to the Commission internal control system (Chapter 2) and the Court's statement of assurance is included in Chapter 1.

11.2.3. Special Reports by the Court of Auditors

In 2009, the Court published three special reports in the field of agriculture:

Special report No 14/2009 "Have the management instruments applied to the market in milk and milk products achieved their main objectives?", published on 15 October 2009;

Special report No 10/2009 on "Information provision and promotion measures for agricultural products", published on 8 July 2009;

Special report No 06/2009 on the "European Union food aid for deprived persons: an assessment of the objectives, the means and the methods employed", published on 22 September 2009.

12. BASIC RULES GOVERNING THE EAGF & AMENDMENTS MADE IN 2009

12.1. Checks

- Council Regulation (EEC) No 485/2008 of 26 May 2008 on scrutiny by Member States of transactions forming part of the system of financing by the European Agricultural Guarantee Fund (Codified version) (OJ L 143, 3.6.2008, p. 1);
- Commission Regulation (EC) No 4/2004 of 23 December 2003 laying down detailed rules for the application of Council Regulation (EEC) No 4045/89 on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (OJ L 2, 6.1.2004, p. 3);
as last amended by Regulation (EC) No 40/2006 of 10 January 2006 (OJ L 8, 13.1.2006, p. 4);
- Council Regulation (EC) No 1782/2003 of 29 September 2003 (OJ L 270, 21.10.2003, p. 1) establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, and repealing Council Regulation (EEC) No 3508/92 of 27 November 2002 (OJ L 94, 31.3.2004, p. 70),
as last amended by Regulation (EC) No 1009/2008 of 9 October 2008 (OJ L 276, 17.10.2008, p. 1);
- Council Regulation (EC) No 73/2009 of 19 January 2009 (OJ L 30, 31.1.2009, p. 16) 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 with effect from 1 January 2009 (with some exceptions mentioned in Article 149), as last amended by Regulation (EU) No 360/2010 of 27 April 2010 (OJ L 106, 28.4.2010, p. 1);
- Commission Regulation (EC) No 796/2004 of 21 April 2004 (OJ L 141, p. 18) laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and repealing Commission Regulation (EC) No 2419/2001 of 11 December 2001 (OJ L 141, 30.4.2004, p. 8.), as last amended by Regulation (EC) No 380/2009 of 8 May 2009 (OJ L 116, 9.5.2009, p. 9);
- Commission Regulation (EC) No 1122/2009 of 30 November 2009 (OJ L 316, 2.12.2009, p. 65) laying down detailed rules for the implementation of Council Regulation (EC) No 73/2009 as regards cross-compliance, modulation and the integrated administration and control system, under the direct support schemes for farmers provided for that Regulation, as well as for the implementation of

Council Regulation (EC) No 1234/2007 as regards cross-compliance under the support scheme provided for the wine sector and repealing Commission Regulation (EC) No 796/2004 of 21 April 2004 (OJ L 141, p. 18), as last amended by Regulation (EU) No 146/2010 of 23 February 2010 (OJ L 47, 24.2.2010, p. 1);

12.2. Clearance of accounts

- 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), *as last amended by Regulation (EC) No 473/2009 of 25 May 2009 (OJ L 144, 9.6.2009, p. 3);*
- Commission Regulation (EC) No 885/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD (OJ L 171, 23.6.2006, p. 90), *as last amended by Regulation (EC) No 1034/2008 of 21 October 2008 (OJ L 279, 22.10.2008, p. 13).*

12.3. Public storage

(a) Basic rules

- 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*), *as last amended by Regulation (EC) No 473/2009 of 25 May 2009 (OJ L 144, 9.6.2009, p. 3);*
- 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*), *as last amended by Regulation (EC) No 1140/2009 of 20 November 2009 (OJ L 312, 27.11.2009, p.4);*
- Commission Regulation (EEC) No 3149/92 of 29 October 1992 laying down detailed rules for the supply of food from intervention stocks for the benefit of the most deprived persons in the Community (*OJ L 313, 30.10.1992, p. 50*), *as last amended by Regulation (EC) No 46/2010 of 19 January 2010 (OJ L 14, 20.1.2010, p. 1);*
- 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 States (*OJ L 171, 23.6.2006, p. 35*), *as amended by Regulation (EC) No 720/2009 of 6 August 2009 (OJ L 205, 7.8.2009, p. 15);*

(b) Depreciation on buying in

- Commission Regulation (EC) No 998/2008 of 14 October 2008 fixing the depreciation coefficients to be applied when agricultural products are bought in for the 2009 accounting year (*OJ L 273, 15.10.2008, p. 3*);
- (c) Additional depreciation at the end of the financial year
- Commission Decision C (2009) 7762 of 13 October 2009 (not published) setting the amounts and detailed rules for the depreciation of stocks of certain agricultural products bought in by public intervention by the Kingdom of Belgium, the Republic of Bulgaria, the Czech Republic, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Lithuania, the Republic of Hungary, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, and the United Kingdom of Great Britain and Northern Ireland during 2009;
- (d) Uniform interest rate
- Commission Regulation (EC) No 999/2008 of 14 October 2008 fixing the interest rates to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal for the 2009 EAGF accounting year (*OJ L 273, 15.10.2008, p. 5*);
- (e) Standard amounts
- Commission Decision C(2008) 5042 of 18 September 2008 (not published) fixing, for the 2009 financial year, the standard amounts to be used for financing physical operations arising from the public storage of agricultural products, as amended by Decision C(2008) 6834 of 14 November 2008.

ANNEXES TO THE COMMISSION STAFF WORKING DOCUMENT
accompanying the 3rd FINANCIAL REPORT FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on

THE EUROPEAN AGRICULTURAL GUARANTEE FUND

– 2009 FINANCIAL YEAR –

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