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THIRD FINANCIAL REPORT
on the
EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND
YEAR 1973
presented by the
Commission of the European Communities
to the
Council and the European Parliament

TITLE I	THE GUARANTEE SECTION
TITLE II	FOOD AID FINANCING
TITLE III	THE GUIDANCE SECTION
TITLE IV	AUDITING AND IRREGULARITIES

Preface

Article 10 of Regulation (EEC) No 729/70 on the financing of the common agricultural policy provides that before 1 July of each year, the Commission will submit to the Council and to the European Parliament a financial report on the administration of the Fund during the preceding financial year and, in particular, on the state of its resources and nature of its expenditure and the circumstances in which it was financed by the Community.

Accordingly, the Commission presents its third report covering the year 1973. It is recalled that this report follows :

- the first financial report concerning the E.A.G.G.F., year 1971, which contained a summary of the financial situation since the establishment of the E.A.G.G.F., dated April 1973 (SEC 73/1259 or R 980/73)
- the second financial report, for the year 1972, dated March 1974 (SEC 74/786 or R 731/74)

The final version of this third report (French text) was finished on 18th November 1974.

SUMMARY OF THE THIRD FINANCIAL REPORT
ON THE E.A.G.G.F., YEAR 1973

TITLE I : GUARANTEE SECTION

1. The Guarantee Section of the EAGGF finances expenditure resulting from the implementation of the common policy on markets and agricultural prices. 1973 was marked by two essential factors :
 - the enlargement of Community financing to three new Member States and
 - the need for a very large supplementary budget.

2. The accession of the United Kingdom, Denmark and Ireland necessitated the extension of Community financing to take effect from 1.2.1973. Consequently supplementary expenditure of 536.1 m.u.a. (1) was incurred in these three Countries including 264 m.u.a. from the introduction of Accession Compensatory Amounts to regularise agricultural trade with countries having price levels temporarily lower than those of the Community.

3. On the other hand, currency fluctuations led the Community to develop compensatory amounts and to finance them from the Guarantee Section. These totalled 140.3 m.u.a. for amounts between Member States not taking into consideration the various other forms of compensatory amounts, especially with third countries.

Finally, several new measures were introduced, increasing the responsibilities of the Guarantee Section one, in particular, aiming at increasing the consumption of butter.

4. A supplementary budget of 864.3 m.u.a. was decided by the Council in September 1973 to meet the financial consequences of accession, more considerable than foreseen, those of the currency situation, of the annual adjustment of agricultural prices and of expenditure by sector higher than forecast (essentially for milk products and, to a lesser degree, for cereals and fats). These factors resulted in a general pattern of expenditure very different from that initially foreseen.

(1) m.u.a. = million units of account

5. The administration of appropriations under the definitive financing system was continued by means of monthly advances and occasionally by special advances. Owing to both an improvement in the management by Member States and a strict control of credits, funds remaining available with Member States were more limited. The improvement in the control of credits was followed through, particularly by monthly accounting, but some difficulties were encountered, primarily because of the special arrangements in Italy.

From the accounting for payments, which is based on the declarations made by the Member States, expenditure for 1973 amounts to 3,659 m.u.a., representing an increase of 50 % over 1972 (2,446 m.u.a.). It is especially the increase in expenditure for the milk products sector (+ 848 m.u.a.) and the appearance of Accession and Monetary Compensatory amounts (+ 405 m.u.a.) which are striking. These rises have been mitigated by the initial effects of an improvement of the world market (cereals, rice, oilseeds, sugar) and of more favourable conditions foreseen within the Community for expenditure in certain sectors (wine, fruit and vegetables).

6. Due to encountering problems too numerous for the staff available to the Guarantee Section no substantial progress was made with the auditing and closure of accounts. However, a certain number of measures were taken which should enable some headway to be made in this field in 1974 and 1975. These measures will be indicated in the financial report for 1974.

TITLE II : FINANCING OF COMMUNITY FOOD AID FROM PRODUCTS UNDER THE COMMON MARKET ORGANISATION

7. The financing of food aid in 1973 was marked by the juxtaposition of a system of reimbursement to Member States for former measures (45.8 m.u.a.) and of a financing system for new measures (58.8 m.u.a.) by means of advances similar to that of the Guarantee Section. Furthermore, expenditure was accelerated following the intensification of Community activity, especially for measures undertaken for the countries of the Sahel and Bangla-Desh and also, to a lesser extent, the rise in world cereal prices. As elsewhere certain delays became evident, in particular, in the realisation of certain measures forecast for 1972, credit difficulties arose. Consequently, to the initial appropriations of 48.2 m.u.a. were added 57.8 m.u.a. of appropriations carried forward and about 13 m.u.a. originating from Chapter 98 making a total availability of 119 m.u.a.

TITLE III : GUIDANCE SECTION

8. The Community's contributions to the financing of the structural aspects of the Common Agricultural Policy are made through the Guidance Section. There are three categories for this aid :

- common measures decided by the Council under Article 6 of Regulation (EEC) 729/70;
 - individual projects under Regulation 17/64/EEC;
 - special measures (with financial characteristics similar to those of the common measures) notably covering producer groups in certain sectors.
- In the allocation of the available 325 m.u.a. per year, priority is given to the common measures . (No further special measures will be enacted).

9. Although the Council had already agreed a number of common measures, they involved very little expenditure (2.06 m.u.a.) in 1973. Most of the expenditure is by means of reimbursement to the Member States on the basis of their eligible expenditures in the previous year, with the commencement of their expenditure being dependent on the establishment of suitable legislative and administrative provisions by national and state governments. Accordingly, the Council put 92.2 m.u.a. aside in 1973 for the later financing of these measures, bringing the total carried to reserve for this purpose between 1969 and 1973 to 538.5 m.u.a.

10. At the end of July 1974, the Council decided on the aid to be given for individual projects submitted in 1973. The number of projects granted aid was 637, representing a total aid of 170 m.u.a. The three new Member States benefitted for the first time. Since 1964, the Fund has granted aid to 3,998 projects, the total amount granted being 1,029 m.u.a. with 256.4 m.u.a. having been paid (29.8 % of the amount engaged).

11. The special measures introduced since 1966 relate to the improvement of the functioning of the CAP, notably by aiding producer groups. In 1973, the 17.3 m.u.a. paid out under these measures covered, in order of importance, premiums for grubbing orchards, premiums for the slaughtering of cows and the non-marketing of milk and milk products, and aid to fruit and vegetable producer groups.

TITLE IV : VERIFICATIONS AND IRREGULARITIES

12. Several measures were taken in the Guarantee Section to improve the verifications of expenditure and to overcome delays in the closing of annual accounts. The effects of these measures will be felt in 1974. In 1973, the examination of monthly declarations of the Member States was intensified in view of the detailed accounting for payments according to budget nomenclature. In addition, several audits were carried out on specific matters. The Guidance Section subjected 15 individual projects to on-the-spot checks and checks were also made in several Member States on the application of the three special measures financed in 1973.
13. As for irregularities, efforts were directed towards the implementation of Regulation No 283/72 and, in particular, on the details to be furnished by the Member States to the Commission and their preliminary examination. Many specific problems were able to be resolved. The first enquiries within the meaning of Article 6 of this Regulation were initiated, but, up to now, results have been limited. For the Guarantee Section, the majority of irregularities established relate to the cereals and milk products sectors. Together, they represent for the years 1971 to 1973, 68 cases out of a total of 87 cases of fraud. These frauds amount to 11.7 m.u.a. of which 9.2 m.u.a. has been recovered at present.

The Guidance Section irregularities spotted almost exclusively concerned expenditures relating to the premiums for the non-marketing of milk and milk products. There are still 49 cases to settle from the years 1971 to 1973, with an amount of 0.21 m.u.a. subject to recovery.

In order to study thoroughly the problem of irregularities in the Guarantee Section and to try to develop the methods to intensify the campaign against fraud, the Commission established in the autumn of 1973 a Special Committee of Inquiry, whose work was terminated a year later with the preparation of a report containing a number of recommendations.

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TITLE I

THE GUARANTEE SECTION

The Guarantee Section finances the expenses arising from the common policy on markets and agricultural prices. In accordance with Articles 2 and 3 of Regulation No 729/70, this concerns on the one hand refunds on exports to non-member countries, which permit the disposal on the world market of Community agricultural products, and on the other interventions aimed at stabilizing agricultural markets.

1. The financing of the common policy on agricultural markets and prices

1.1. Accession

The Treaty on the Accession of United Kingdom, Denmark and Ireland to the European Communities provides for the application of the common market and prices policy and also total Community financing with effect from 1 February 1973.

1.1.1. Accession compensatory amounts

The accession Treaty, and in particular the Act relating to the conditions of accession, provides for a period of adaptation of prices until 31 December 1977 and during which prices in the three new Member States may differ from Community prices. In order to make trade possible, the Act of Accession lays down a system of accession compensatory amounts to be granted or levied. For the original Member States these amounts replace, at progressively lower rates, the refund granted before accession in trade with the new Member States. It should be noted that in intra-Community trade the accession compensatory amounts are granted by the Member State having the higher price levels and that, in trade between new Member States and non-member countries levies and refunds are accompanied by accession compensatory amounts.

By virtue of Article 58 of the Act of Accession, the accession compensatory amounts granted are financed by the EAGGF Guarantee Section and EEC Council Regulation No 3536/73 laid down that the amounts granted in intra-Community trade will be considered as interventions for purpose of financing. The total expenditure in 1973 was 264.3 million u.a.

It should be noted that the accession compensatory amounts levied are part of the agricultural levies by virtue of Article 128 of the said Treaty.

1.1.2. Other measures

On the basis of Article 63 of the Act of Accession, a number of transitional arrangements have been adopted. Some of these aim at amending existing measures which are part of Community financing and others introduce measures for which Community financing has been decided case by case. In this way, in 1973, the Council decided that the following transitional measures were to be considered, for purpose of Community financing, as interventions :

- a) The special measures regarding white sugar used in the chemical industry (EEC Regulation No 364/73),
- b) The denaturing premium for white sugar for the feeding of bees (EEC Regulation No 622/73),
- c) The special measures concerning maize groats and meal used in glucose-making (EEC Regulation No 1009/73).

1.1.3. Expenditure by the new Member States

For the eleven months of application in 1973 of the common agricultural policy in the new Member States expenditures amount to a total of 295.4 million u.a. in Denmark, 88.9 m.u.a. in Ireland and 151.8 m.u.a. in the United Kingdom, a total of 536.1 m.u.a.

1.2. The monetary situation

1.2.1. Evolution of the system of monetary compensatory amounts

Following the monetary evolution since May 1971, monetary compensatory amounts, based on (EEC) Regulation No 974/71 (1), are charged and granted in the intra-Community trade of certain Member States, to avoid market disturbances which would arise from fluctuation in value of certain currencies.

In 1973, the system of monetary compensatory amounts experienced, on the one hand, a trend in the direction of extension to practically all the Member States and, on the other, several changes in the setting of the system of application of these amounts. Towards the end of 1972, the Council decided to extend Community financing to these monetary compensatory amounts (Article 7 of (EEC) Regulation 974/71 as amended by (EEC) Regulation No 2746/72 (2)).

1.2.2. Intra-Community monetary compensatory amounts

By virtue of Article 7, paragraph 2, of (EEC) Regulation No 974/71, the monetary compensatory amounts levied or granted in trade between Member States are considered, for purpose of financing, as being part of the interventions intended to stabilize markets with effect from 1 January 1973. The result of this is that the Member States grant and levy monetary compensatory amounts in intra-Community trade and that only the balance is financed by the EAGGF.

In this way, in 1973, the balance of the amounts granted and charged shows an expenditure of 140.3 million u.a., which is the net result, for all the Member States together, of the amounts granted 273.9 m.u.a. and of the amounts levied 133.6 m.u.a.

(1) O.J. No. L 106 of 12 May 1971, p. 1

(2) O.J. No. L 291 of 28 December 1972, p. 148

1.2.3. Extra-Community monetary compensatory amounts

By virtue of Article 7, paragraph 1, of (EEC) Regulation No 974/71, the monetary compensatory amounts granted and levied come within Community financing with effect from 1 July 1972. In this way, as regards financing, the compensatory amounts granted in trade with non-member countries are considered as export refunds and the compensatory amounts levied in this same trade as agricultural levies. However, for those Member States whose currency has depreciated, Article 4 (a) paragraph 1 provides that the monetary compensatory amounts granted on imports from non-member countries will be deducted from the import charges and that the amounts levied on exports will be deducted from export refunds.

In fact, these monetary compensatory amounts charged and granted in trade with non-member countries are added to or deducted from the levies and refunds; for this reason, and particularly for administrative reasons, these amounts are not accounted for separately. Application on the administrative and accounting plane, particularly in those cases where monetary compensatory amounts charged on exports have to be deducted from refunds to be granted, can prove difficult if different national bodies are responsible for the charging of the monetary compensatory amounts and the granting of the refunds. Thus, one Member State (Italy) has not been able, for the reasons mentioned above, to make this deduction.

This is why, faced with this difficulty, the Commission proposed in 1974 that Member States which encounter such difficulties need not set off the refunds against the compensatory amounts for each separate operation, but should ensure that the same result is achieved, from the financial point of view, by the application of a global method.

1.2.4. Other forms of monetary compensation

- a) In the oil seeds sector, the common organisation of the markets does not provide for any levies or customs duties; on the other hand, an aid to seeds produced in the Community, which is directly influenced by the world market price, is granted to operators when the seed is ground. The system of monetary compensatory amounts applicable to the other sectors not being appropriate for the sector in question, the Council decided to introduce, with effect from 1 July 1972, differential amounts for seeds produced in the Community. Their financing commencing from the same date was laid down by Regulation (EEC) No 526/73 (1). As these differential amounts are granted or charged on the occasion of grinding for export, this regulation specifies that they be added or deducted, according to the case, from the aids or refunds.
- b) When the central rate of the Dutch Florin was increased by 5 % on 17 September 1973, it was decided to make the agricultural prices expressed in Florins subject to the influence of this increase. This decision, on the one hand, avoided the need to introduce monetary compensatory amounts in trade between the Benelux countries, but on the other hand required certain financial compensations in favour of Dutch agriculture. In this way, by Regulation (EEC) No 3141/73 (2), the Netherlands were authorised to take certain compensatory measures. This same regulation also provides for Community participation in the financing of these measures for a total amount of 8.5 m.u.a. to be charged to the budget for the financial year 1974.

(1) O.J. No L 51 of 24 February 1973, p. 1

(2) O.J. No L 321 of 22 November 1973, p. 1

1.2.5. Implementation from the accounting point of view

The implementation from the accounting point of view of all the arrangements made in the monetary field has called for a certain number of studies. The fact is that, although the regulations in question lay down the principles, it was still necessary to specify how the Member States should declare the expenditures to the EAGGF Guarantee Section. For this reason a "modus vivendi" was sought between the need to obtain sufficient knowledge of the details to be able to work out forecasts of expenditures and receipts for the years ahead on the one hand, and on the other, the administrative convenience on the part of the bodies responsible for payment. These studies have led ^{to} an amendment of Regulation (EEC) No 2697/70 of the Commission (1) (System of Advances) and also the preparation of an explanatory document for the paying services in the form of a working document.

1.3. Other adjustments to the market mechanisms involving expenditures and adaptation of prices

1.3.1. New measures and adjustment of the existing measures

In 1973 no new market organisations were set up, but a few measures were adopted which are worthy of mention from the financial point of view :

- a) The transfer and the offer for sale by the Italian intervention body of soft wheat held by the German, French and Belgian intervention bodies were decided by Regulation (EEC) No 2104/73 (2). This measure, which was adopted to cope with cereals supply difficulties in Italy, made it possible to transfer about 200.000 M. tons of soft wheat to that country. In order to facilitate this operation, a Community solution was worked out on the financial plane which avoided transactions of a commercial nature between the intervention bodies.

(1) O.J. No L 285 of 31 December 1970, p. 63

(2) O.J. No L 214 of 2 August 1973, p. 2

- b) In order to increase the consumption of butter Council Regulation (EEC) No 1191/73 (1) provides, for a certain period, authorization for the Member States to grant a maximum aid of 100 u.a./M. tons in favour of private consumers. This same regulation provides that, by derogation from Article 3 of Regulation (EEC) No 729/70, the Guarantee Section of the EAGGF will finance 50 % of the aids granted.
- c) In order to facilitate the marketing of sugar produced in the French Overseas Departments, Regulation (EEC) No 239/73 (2) provides a subsidy for the refining of the raw sugar produced in these Departments.
- d) The Association Agreement with the Republic of Cyprus laid down certain provisions concerning wine imports under the heading "Cyprus sherry". In order not to penalize intra-Community trade in this same type of wine of Community origin, Regulation (EEC) No 1250/73 (3) provides for an aid for these Community wines in trade with the United Kingdom and Ireland.

1.3.2. Adaptation of the agricultural prices

At its meeting from 28 April to 1 May 1973, the Council took a number of decisions in the framework of a global agreement essentially fixing agricultural prices for the 1973/74 season.

This agreement was reflected in an increase in agricultural prices differentiated according to the groups of products and ranging from 1 to 10.5 %. This increase had financial effects from the dates of commencement of the season, which vary according to the sectors.

(1) O.J. No L 122 of 9 May 1973, p. 5

(2) O.J. No L 29 of 1 February 1971, p. 14

(3) O.J. No L 133 of 21 May 1973, p. 115

Because of the strong differentiation of the rise in prices according to products, the dovetailing of these measures with those consecutive to the enlargement of the EEC by three new Member States and also those flowing from the monetary situation, the financial impact of this agreement was not calculated in isolation from the other factors but was included in the revised forecast which served as a basis for the establishment of Supplementary Budget No 4 of 1973.

The financial impact of the increase in prices on the expenditure for the financial year 1973 could nevertheless be estimated at around 100 - 150 m.u.a. This amount above all concerns the milk products sector, in particular aids to skimmed milk used for cattle-feeding and the manufacture of casein.

1.4. Procedures for financing interventions

1.4.1. General characteristics

It is recalled that for the interventions in the form of "second category" purchases, storage and sales, Community financing is provided in accordance with the following procedures :

- payment of the costs of storage, financing and any possible processing is effected in accordance with uniform standard rates applicable to all the operations irrespective of the real cost,
- taking on charge losses resulting from the difference between purchase and selling prices.

The definite rules normally imply the transition to the total financing of the real costs and this poses a number of problems^{which} remain unresolved. This being so, the Council, by Regulation (EEC) No 2824/74 extended until 31 December 1973 the existing provisions (1) reproduced in the regulations for financing different sectors.

The Commission has gone more deeply into this problem by visits to the Member States and examination of the real costs in a group of experts.

(1) a new extension has been agreed until the end of 1974

1.4.2. Procedures for implementation

During 1973, the Commission completed the procedures for implementation provided for in the different regulations for financing by sector. This meant primarily the fixing by the Commission, after consultation with the Fund Committee, and after examination by the Management Committee concerned, of the standard rates for the following sectors :

- Milk and milk products sector : by decision of 4 January 1973, the standard rates were fixed for the period from 29 July 1968 to 31 December 1971, and by decision of 30 November 1973 for the year 1972,
- Beef and veal sector : by decision of 4 January 1973, the standard rates were fixed for a period beginning on 29 July 1968 and without any limit in time,
- Tobacco sector : by decision of 4 May 1973, the standard rates were fixed for a period beginning on 29 April 1970 and without any limit in time,
- Cereals, rice, fats and sugar sectors : by decision of 28 November 1973 the standard rates were fixed for the year 1973.

It should be noted that in the pigmeat sector the standard rates applicable in 1972 were retained for 1973.

These decisions refer to the standard rates for the year 1973, with the exception of milk products where there was considerable delay in the establishment of the means of financing. It was only on the 2 April 1974 that the standard rates were fixed for interventions in this sector from 1st January 1973 until 31 December 1973. It will have a slight effect on the settlement of the accounts for the year 1973.

Again in 1973, by Regulation (EEC) No 943/73 (1) of the Commission, the method and rate of interest to be applied in calculating the cost of financing interventions in the tobacco sector were decided on. This latter regulation is based on one similar to that for the milk products and meat sectors; in view of certain particular features of the tobacco sector, it was necessary to draw up a separate regulation.

(1) O.J. No L 91 of 7 April 1973, p. 14

1.5. The effects of the market and prices policy on the appropriations for 1973

The expenditures of the Guarantee Section are by nature uncertain. For this reason, they suffer very pronounced fluctuations from time to time by comparison with provisions in the budget. But in 1973 this characteristic was especially strong because of the accumulative effect of a certain number of permanent^{and} exceptional factors which merit special attention.

This situation led to the establishment by the Council on 21.9.1973 of a supplementary budget for the Guarantee Section amounting to 864.3 m.u.a. together with an increase of credit of 26.6 m.u.a. between September and December by transfer from other parts of the budget (§ 2.5.1.).

1.5.1. Permanent factors

These factors are associated with the timetable for the preparation of the budget and the size and nature of the expenditure of the Guarantee Section.

a) The timetable for the budgetary procedure

In order to lay before the Council in August the draft budget so that the Parliament can be advised before 5th of October of the budget approved by the Council, the Commission has to complete its estimates between May and July. But at this time, the assumptions about production and consumption can only be very provisional, since the effective production relating to the budget year is only known during the autumn and, for certain products, only during the budget year itself. Experience has shown that actual production fluctuates very much, in such a way that changes of production, account taken as regards possible disposals, can be substantial in some months. At the same time, the world markets experience in their turn considerable fluctuations. These factors raise questions of adjusting the proposed credits during the course of the budgetary process. At the time of preparing the 1973 budget, the Commission became aware of the possible lack of credits. It advised the Council in September 1972 that, on the one hand, on account of a rapid build-up of butter

stocks and, on the other hand, because of cereal crops higher than forecast, it would be advisable to increase the credits of these items by about 150 m.u.a. However, because of the fact that the uncertainties which habitually weigh on the development of agricultural markets were amplified this year by the difficulties of evaluating the financial consequences of the accession of the 3 new Member States, it did not propose an immediate change of credits, but to reserve the matter for future consideration.

b) Agricultural prices

Each year the Council has to decide the agricultural prices. These decisions arise after the approval of the budget and their effects begin to be felt at the beginning of agricultural campaigns during the course of the budgetary period. But the estimates of expenditure are calculated on the basis of fixed prices.

This situation entails the necessity of a revision of credits during the course of the budget.

c) The Abundance of Credits of the EAGGF in the Communities' Budget

The Communities' budget reflects the state of development of the common policies. As the common markets and prices policy is the only wholly common policy on which there is almost total financial interdependence, the credits of the Guarantee Section represent about 75% of the budget. Accordingly additional global requirements for the markets policy nearly always lead to supplementary budgets, since it is difficult to make considerable savings from other parts of the budget.

1.5.2. Exceptional factors

The year 1973 was marked by 2 exceptional factors which appreciably changed the estimates of expenditure, namely the consequences of enlargement and the monetary situation.

a) Consequences of enlargement of the Community

The financial consequences of the accession of 3 new Member States were unknown at the time of preparing the budget, and a global provision of 300 m.u.a. was made, after allowance for savings estimated at 50 m.u.a. Besides, the method of application of accession compensatory amounts was decided by the Council only in January 1973, amounts which represent a considerable item, in fact 264.3 m.u.a.

b) Monetary situation

As explained in § 1.2. of the present report, the monetary situation entailed an additional expenditure unforeseen when the budget was approved (140 m.u.a.) for monetary compensatory amounts between the Member States.

1.5.3. Comparison between the original 1973 budget and payments

The table below gives a comparison between the original credits as approved under the 1973 budget and payments declared at the end of the period (see § 2.4.1.), after approval of supplementary budget No 4 and adjustment of the amount available by various transfers of credits.

Table No 1

Comparison between the original

1973 budget and payments

(in m.u.a.)

Categories of expenditure	Original credits	Payments	Differences	
			amount	%
a	b	c	d = c - b	e = (d/b) x 100
Cereals and rice	863,48	964,172	+ 100,692	+ 11,66
milk products	798,51	1.458,498	+ 659,988	+ 82,65
Fats	292,16	362,989	+ 70,829	+ 24,24
Sugar	147,81	127,072	- 20,738	- 14,03
Beef, pork, eggs and poultry	77,30	128,137	+ 50,837	+ 65,77
Fruit and vegetables	83,46	34,490	- 48,970	- 58,67
Wine	51,90	11,761	- 40,139	- 77,34
Tobacco	118,98	118,269	- 0,711	- 0,60
Other products	23,85	25,953	+ 2,103	+ 8,82
Products outside annex II	24,76	23,692	- 1,068	- 4,31
Compensatory amounts				
a) monetary	pm	140,268	+ 140,268	x
b) accession		264,310	+ 264,310	
Provision for enlargement	300,00	-	- 300,000	- 100,00
Total	2.782,21	3.659,611	+ 877,401	+ 31,54
Deduction of expenditure of the 3 new Member States	300,00	536,1	+ 236,1	+ 78,70
Total of the 6 original Member States	2.482,21	3.123,511	+ 641,301	+ 25,83

The Table confirms that there was by sector :

- a) Considerable underestimation of expenditure in the milk products sector, in particular for the special measures to dispose of butter by reason of the growth of the quantities in stock and of the aids to skim milk for cattle-feeding, and to the manufacture of casein (+ 660 m.u.a.). Similarly milk products expenditure in the 3 new Member States was underestimated.
- b) Under-estimation of expenditure in the cereals sector, mainly as a result of a production of soft wheat in excess of the global trend (+ 100 m.u.a.)
- c) Under-estimation of aid to olive oil due both to the amount of production and the tendency to shorten the payment delays in Italy (+ 71 m.u.a.)
- d) Under-estimation of the refunds for pork, eggs and poultry, mainly due to enlargement of the Community (+ 51 m.u.a.)
- e) Over-estimation of expenditure in the sugar, fruit and vegetables and wine sectors (- 149 m.u.a.)
- f) Absence of an estimate for monetary compensatory amounts (+ 140 m.u.a.)
- g) Under-estimation of accession compensatory amounts (calculations not included in the preparation of the 1973 budget)

It is noteworthy that the expenditure by sector covers 9 Member States and bears the effect of the increase of prices decided in May 1973, which was very considerable in the milk products sector, but that the original credits are based on a Community of 6 Member States and fixed prices.

2. The definitive financing system

2.1. General application of the definitive system

2.1.1. The specific financial machinery

The expenditure on the agricultural market is of a particular nature with respect to Community law, for budgetary centralization at the level of the Community is based on the decentralization of the individual payments made by the national organisms empowered to this end.

The provisions described in the preceding report (1.1.), and which were the subject of an ad hoc Council Regulation in November 1973, were embodied in the financial regulation of 25 April 1973 applicable to the general budget of the Communities.

2.1.2. The paying bodies

The extension of Community financing to three new Member States has led to the emergence in these countries of paying bodies which were described in the preceding report (1.2.).

2.2. Advances and expenditure

2.2.1. Advances

In 1973, the Commission approved eleven monthly advances in conformity with Articles 4 and 5 of Council Regulation No 729/70 and 5 special advances in application of Article 5 of Commission Regulation (EEC) No 2697/70, where Funds made available to a Member State were in danger of becoming exhausted before the date planned for the next payment (Annex G.I). These latter decisions, taken in the months of April, June, July, October and December, were motivated by the sharp increase in expenditure in certain sectors, particularly milk products, which considerably exceeded the initial estimates established by the Member States for the months concerned.

Table No 2

Finance and expenditure of Member States

in m.u.a. (4)

Member States	Amount available at 1.2.1973	Advances for the financial year 1973 (Annex GI) (1)	Total available for financial year 1973	Expenditure from 1.2.73(2) to 31.12.73 (Table 4)	Amount available at 31.12.73 (3)	Utilization of the advances %
	(a)	(b)	(c)=(a)+(b)	(d)	(e)=(c)-(d)	(f)=d/cx100
BELGIUM	12,7	180,9	193,6	193,1	0,5	99,7
DENMARK	-	295,5	295,5	295,4	0,1	99,9
GERMANY	11,0	653,9	664,9	676,0	- 11,1	101,7
FRANCE	12,4	1.091,1	1.103,5	1.094,7	8,8	99,2
IRELAND	-	86,8	86,8	88,9	- 2,1	102,4
ITALY	90,4	545,2	635,6	624,0	11,6	98,2
LUXEMBOURG	- 0,05	5,45	5,4	5,4	0,0	100,-
NETHERLANDS	5,0	521,0	526,0	530,3	- 4,3	100,8
UNITED KINGDOM	-	151,9	151,9	151,8	0,1	99,9
TOTALS	131,45	3.531,75	3.663,2	3.659,6	3,6	99,9

(1) Excluding the advances decided in December for the month of January and which relate to the 1974 financial year

(2) for the second category expenditure with effect from 1.1.73

(3) The negative figures are explained by the special nature of certain expenditures (financial effects of intervention stocks at 31.12. of which the Commission takes account in January)

(4) m.u.a. = million units ^{of} account

2.2.2. Summary of expenditure

The total expenditure for 1973, which covers eleven months from 1 February 1973, was 3,659 m.u.a. compared with 2,446 m.u.a. for the preceding financial year, which covered 13 months from 1 January 1972 to 31 January 1973.

This represents an increase of 50 %, 22 % of which resulted from the extension of Community financing to the new Member States (Tables 2 and 5).

Expenditure for intervention represents 72 % of the total and that for refunds 28 %. The cereals and milk products sectors account for 66 % of the aggregate expenditure.

At 31 December 1973, the Member States held funds amounting to 3.6 m. u.a. (131 m.u.a. at 31 January 1973).

2.3. The management of funds in the Member States

The Commission is informed of the funds remaining available :

- on the special EAGGF Guarantee Account of each Member State by weekly telex,
- on the account of each paying service and body by the monthly report on the cash situation.

The relationship between the expenses incurred in the course of the 1973 financial year and the funds made available to the Member States for the same period shows that 99.9 % of these funds were used (Table 2, column f). In addition, the comparison between the funds available monthly in the Member States and those remaining available after the payments have been made (Table 3) shows an average rate of utilization of about 77 % (89 % if Italy is excluded).

The size of the funds remaining available in Italy throughout the whole of the 1973 financial year is due, as in the past, to the system of "payment" and forecasting of expenditure.

Although the Commission, in agreement with the Italian Delegation, has often reduced the amounts of advances requested from this country in order to limit the effects of this system, the amounts advanced are still clearly divergent from the actual expenditure.

The rates for Ireland and the United Kingdom are influenced by the difficulties encountered in the launching of the system of Community financing; if the first four months, during which these difficulties were more strongly felt, are left out of account, these rates are 74 % for Ireland and 85 % for the United Kingdom.

Table No 3

Average rate of utilization of Community funds

MEMBER STATES	Average amount of Community funds available in the Member States for one month's expenditure (see Annex GII, line C) (m.u.a.)	Average balance available after one month's expenditure (m.u.a.)	Average rate of utilization %
	(a)	(b)	$c = \frac{(a) - (b)}{a} \times 100$
BELGIUM	19,8	2,3	88,4 %
DENMARK	26,5	- 0,3	101,1 %
GERMANY	70,7	9,2	87,0 %
FRANCE	108,1	8,6	92,0 %
IRELAND	14,2	5,2	63,4 %
ITALY	122,1	64,5	47,2 %
LUXEMBOURG	0,53	0,04	92,5 %
NETHERLANDS	48,0	- 0,2	100,4 %
UNITED KINGDOM	21,8	8,0	63,3 %

2.4. Expenditure

2.4.1. Payments by sector

The total amount of expenditure of 3,659 ^{m.u.a.} is about 50 % above that of the financial year 1972, but it must be recalled that these figures are not perfectly comparable. The 1972 financial year extended exceptionally over 13 months, whereas 1973 comprised only 11 months. On the other hand, the 1972 outlay concerns 6 Member States, whereas that for 1973 was incurred by 9 Member States. The increase in expenditure is mainly due to the milk products sector and to monetary compensatory amounts (Table 4).

Spending in the milk products sector amounted to 1,458 m.u.a., which represents an increase of 848 m.u.a., or 139 %, compared with 1972.

The main reasons for this phenomenon are the increases :

- in actions for buying up, storage and marketing ("second category") amounting to 513 m.u.a., of which 33 m.u.a. were spent by the new Member States. This increase arises from the measures to reduce butter surpluses, that is to say :
 - special measures for the disposal on the internal market of butter at reduced price,
 - special measures for marketing in non-member countries - mainly the sale to the U.S.S.R. of 200 000 tons of butter;
- other interventions amounting to 174 million u.a., of which 50 were spent by the new Member States. The cause here is essentially to be found in the considerable increase (50 % of the previous rate) of the amount of aid for animal feedingstuffs,
- refunds amounting to 161 million u.a., of which 83 were paid out by the new Member States.

The rate of refunds, which was very high for a certain period of 1973, and above that of 1972, encouraged exports.

At the time of the introduction of the accession and monetary compensatory amounts, it was not possible to judge how large these two items would become in the Community budget : they amount to 405 million u.a. and represent 11 % of expenditure, which, added to those of the cereals, milk products and fats and oils sectors, account for 84.6 % of the total amount for the financial year 1973.

For the other sectors, as regards the interventions on the cereals market, an increase of 101 m.u.a. in comparison with 1972 is noted. It is due essentially, on the one hand to the difference for denaturing premiums (45 m.u.a.), practically all of which arises from payments in the new Member States - the United Kingdom in particular - and on the other hand to outlay on production refunds.

Although the amounts declared as having been paid by Italy for production aids for olive oil may well be revised downwards when the payments come to be entered and the accounts are settled, the 1973 budget has felt the influence of exceptionally high production during the 1971/72 season (700 000 tons, as against 450 to 500 000 on average). Hence, the very high amount of 281 million u.a. for olive oil interventions.

The increase of expenditure for refunds in the pigmeat sector is to be attributed to the accession of Denmark, a country which accounts for almost 50 % of this expenditure.

Table No 4
Payments by sector (1)

(million u.a.)

SECTORS	Refunds	Interven- tions 1st cat.	Interven- tions 2nd cat.	Totals m.u.a.		Totals %	
				1973	1972	1973	1972
Cereals	468,805	442,468	41,705	952,978	997,2	26,04	40,76
Rice	10,461	0,859	- 0,126	11,194	50,5	0,31	2,06
Milk / milk products	328,097	468,113	662,288	1.458,498	610,6	39,85	24,96
Fats / olive oil	0,780	280,576	-	281,356	187,9	7,69	7,68
Oil seeds	1,748	79,893	- 0,008	81,633	104,5	2,23	4,27
Sugar	51,571	77,950	- 2,449	127,072	161,1	3,47	6,59
Beef and veal	2,660	-	13,430	16,090	7,9	0,44	0,33
Pigmeat	90,595	-	-	90,595	55,6	2,48	2,27
Eggs / poultry	21,452	-	-	21,452	13,8	0,59	0,56
Fruit/vegetables	25,754	8,736	-	34,490	61,9	0,94	2,53
Wine	0,416	11,345	-	11,761	57,0	0,32	2,33
Tobacco	-	115,724	2,545	118,269	101,9	3,23	4,17
Fisheries	0,574	0,615	-	1,189	1,3	0,03	0,05
Flax and hemp	-	5,499	-	5,499	11,5	0,15	0,47
Seeds	-	14,292	-	14,292	0,4	0,39	0,02
Hops	-	4,658	-	4,658	-	0,13	-
Silkworms	-	0,315	-	0,315	-	0,01	-
Products outside Annex II	23,692	-	-	23,692	23,8	0,64	0,97
Comp.amounts { Mon.	-	140,268	-	404,578	- 0,4	(3,83)	- 0,02
Access.	-	264,310	-				
TOTALS	1.026,605	1.915,621	717,385	3.659,611	2.446,5	100	100
%	28,07	52,33	19,60	100			

(1) See annex G.III for more detailed table

2.4.2. Payments by Member States

The breakdown by Member States of the expenditure incurred for the 1973 financial year is as follows :

Table No 5

Analysis of expenditure

by Member State and type of financing (1)

(million u.a.)

MEMBER STATE	REFUNDS	INTERVENTIONS	TOTALS		%	
			1973	1972	1973	1972
BELGIUM	81,5	111,6	193,1	128,1	5,28	5,23
DENMARK	101,9	193,5	295,4	-	8,07	-
GERMANY	127,0	549,0	676,0	492,4	18,47	20,13
FRANCE	386,8	707,9	1.094,7	913,4	29,91	37,33
IRELAND	26,3	62,6	88,9	-	2,43	-
ITALY	88,5	535,5	624,0	573,6	17,05	23,45
LUXEMBOURG	0,2	5,2	5,4	1,9	0,15	0,08
NETHERLANDS	202,4	327,9	530,3	337,1	14,49	13,78
UNITED KINGDOM	12,0	139,8	151,8	-	4,15	-
TOTALS EEC	1.026,6	2.633,0	3.659,6	2.446,5	100,0	100,0

A cursory examination of the expenditure of the new Member States shows that for the 1973 financial year, these spent a total of 536.1 million u.a., or 14.6 % of the total expenditure for the year.

In addition, it has been noted that 80 % of expenditure incurred by Denmark is in the sectors of milk and milk products and pigmeat and for the accession compensatory amounts.

(1) See annex G.IV for more detailed table

For Ireland, the main items of expenditure are represented by milk, milk products and the accession compensatory amounts, which together account for 91 % of the total for that State.

The cereals and milk products sectors and the monetary compensatory amounts represent 93 % of the expenditure of the United Kingdom.

2.5. The appropriations and their utilization

2.5.1. The budget appropriations

The appropriations available for the 1973 financial year amounted to 3,663 m.u.a. calculated as follows :

	u.a.
- initial budget	2.942.210.000,-
- Chapter 77, appropriations in respect of periods prior to 1.1.1971	- 170.000.000,-
	<hr/>
	2.772.210.000,-
- Supplementary budget	864.336.000,-
- Transfer of appropriations from Chapter 98 to Chapter 62 (September)	5.664.000,-
- Transfer of appropriations from Chapter 98 to Chapter 60 (December)	20.985.415,-
	<hr/>
- Total available	<u><u>3.663.195.415,-</u></u>

The Commission had to cope with difficulties of a budgetary nature in August because advances to the Member States up to the end of July amounted to 2,209 m.u.a. Therefore, only 563 m.u.a. of appropriations remained for 5 months from August to December. For this reason, the Commission prepared a draft supplementary budget which was approved by the Council on 21 September 1973 after a hearing in the European Parliament.

The additional credits include 642 million u.a. for milk and milk products, 100 million for compensatory amounts and supplementary credits, in particular for the fats, cereals, pigmeat and tobacco sectors, obtained by reducing the appropriations for wine, rice, fruit and vegetables and sugar. There was also a first transfer of credits (provisional non-allocated credits) to Chapter 62 (milk and milk products) of 5 644 000 u.a. and in December a second transfer to Chapter 60 (cereals) of 20 985 000 u.a.

2.5.2. Global commitments

In order to ensure that the financing system was sufficiently flexible to cope with expenditures which are very variable by nature, the advances, which are not broken down by type of expenditure, are treated as provisional global commitments. Any amount advanced for previous financial years and not used for payment in respect of those years remains available for the expenditure of the current financial year and must be recommitted globally.

In this way, the following credits were committed globally :

- Brought forward from 1972	43.129.418,82 u.a.
- Cancellation of AIMA appropriations for 1972 and re-entry in 1973	88.337.538,23 u.a.(2)
- Offsetting of sugar expenditures and receipts in Italy for the month of February (1)	1.008.942,37 u.a.
- Advances for 1973	3.530.714.000,- u.a.
- Total credits committed globally	<u>3.663.189.899,42 u.a.</u> =====

(1) Commitment rendered necessary because of the transition in the course of the year from the system of monthly offsetting of receipts and expenditure to the system of declaration of the gross expenditure

(2) This sum is to be added to the sum available of 43.129.418,82 u.a. making a total of 131,45 m.u.a. available for 1973

2.5.3. Accounting for commitments and payments

On the basis of the payment declarations of the Member States, and after examination, the Commission charged the items concerned as commitments and payments in accordance with the budgetary nomenclature.

Commitment charges

In this way, out of 3.663.189.899,42 u.a. committed globally
3.659.609.868,12 u.a. were committed in detail
and 3.580.031,30 u.a. were carried forward to 1974

Charges for payments

Of the 3.659.609.868,12 u.a. committed in detail
2.978.340.165,44 u.a. were charged as payments,
leaving 681.269.702,68 u.a. which was carried forward to
1974

The difference of 681.269.702,68 u.a. was carried forward to 1974 in order to permit the subsequent charging of the following expenditure :

- a) a part of the second category intervention expenditures for which insufficient explanation was available at 31 March 1974 (56 074 045.63 u.a.),
- b) the expenditure declared by AIMA, the Italian intervention body (536 602 997.01 u.a.),
- c) the expenditure for export refunds declared by Intendenza di Finanza of Rome (88 592 660.04 u.a.).

As regards points b) and c), this situation is the consequence for AIMA of the concept of payment still being used by that body and, for Intendenza di Finanza, of the uncertainty concerning the declaration of refunds not corrected by the monetary compensatory amounts to be levied by Italy in trade with non-member countries (see Sec. 1.2.3.).

3. Audit and closing of accounts

3.1. Lodging of declarations by the Member States

With the adoption in 1972 of the regulation concerning the settlement of accounts (1) and the later establishment of successive aide-mémoires for the 1971, 1972 and 1973 financial years, the conditions for the lodging by the Member States of the data needed for the settling of accounts were fulfilled.

Although the time-limit laid down for the submission of the figures relating to 1971, i.e. the end of October 1972, could generally be complied with, it was necessary for the following two financial years to allow the Member States an extension of six months in relation to the dates initially laid down (31 March 1973 and 31 March 1974). The fact was that the national administrations found themselves faced with the obligation to prepare at the same time other applications for reimbursements, i.e., on the one hand, those concerning cereals food aid (Programme 69/70) and aid in the form of milk products, sugar and eggs to be lodged in June 1973, and on the other those relating to the 1968-69 to 1970 accounting periods of the EAGGF, Guarantee Section, for lodging in July 1974.

The data concerning the 1972 financial year were sent in on the dates shown in Table No 6. As regards the declarations relating to 1973, these are expected in October 1974.

Table No 6

Dates of submission of documents relating to the settlement of
the 1972 accounts

Belgium	30.10.73	Italy	3. 1.74
Germany	15.11.73	Luxembourg	31.10.73
France	30.11.73	Netherlands	3. 1.74

(1) Regulation No 1723/72, see O.J. No L 186 of 16 August 1972

3.2. Settlement and closing of the accounts of the definitive system

All the data concerning the 1971 and 1972 financial years have thus been presented, which places the Commission departments in a position, following the detailed examination completed during the first half-year, to undertake verifications on the spot concerning these two financial years at the same time. Subsequently, the final settlement should be possible around the end of 1974 or early 1975 i.e. with a delay of 2 years (1971 financial year) and of 1 year (1972 financial year) respectively compared with the planned timetable.

3.3. Closing of the accounts of the earlier periods

By Regulation No 2030/73 of 24 July 1973 the Council decided both on a final date for agreement of the periods 1967/68 to 1970, i.e. 31 December 1974, and on the other hand on the establishment by the Commission of a timetable for submission of the relevant data (1).

These arrangements were supplemented by those of Commission Regulation No 625/74 of 20 March 1973 which, on the one hand, aim at simplifying the declarations of the Member States for the periods 1968/69 to 1970 and, on the other hand, fix at 1 July 1974 the final date for lodging these declarations.

At the same time, the aide mémoires required for the preparation of these applications were framed.

Following these arrangements, the definitive closing of the accounts for the 1967/68 to 1970 periods should probably occur in the course of 1975. These decisions by the Commission are dependant on a Council Regulation laying down rules for the conversion of the Member States declarations, to take account of changes in parity of the French franc and German Mark in 1969 declared by the IMF. The Commission presented a proposal to the Council in January 1973 to amend the financial regulations but a decision has not yet been made.

(1) With the exception, however, of those applications relating to the 1967/68 period transmitted during the final months of 1972.

TITLE II

FINANCING OF FOOD AID FROM PRODUCTS UNDER THE
COMMON MARKET ORGANIZATION

4. This part deals exclusively with the financial implementation of food aid from products under the common market organization.

The technical and financial arrangements are carried out by the Member States' intervention bodies, generally with the help of advances from the Commission.

4.1. Financing procedures

It is recalled that in 1973 Community financing of food aid was carried out by means of the following appropriations :

- The Guarantee Section of the EAGGF for f.o.b. refunds granted with respect to gifts of cereals,
- the Guarantee Section of the EAGGF for the supply of milk products from public intervention stocks,
- the Food Aid Chapter for the value of the cereals, with the exception of the export refunds granted in the framework of Community measures, supplies of milk products bought on the market and gifts of sugar or egg powder.

The administration of these credits is centralized in the Guarantee Section of the EAGGF irrespective of their budget classification.

It should be noted that the Commission, on 21 December 1973, proposed to the Council a regulation concerning Community financing of expenditure resulting from the supply of farm products as food aid. The aim of this proposal is to establish a uniform system for all the products under which the refunds will be financed by the Guarantee Section and the value of the goods and other possible costs by the Food Aid Chapter. The Council approved these arrangements in October 1974 with effect from 1 January 1975
(1).

(1) Regulation No 2681/74 of 21.10.74 - O.J. No L 288 of 25 October 1974

Article 115 (1) of the Council Financial Regulation of 25 April 1973, applicable to the general budget of the Communities, extended to food aid all the specific machinery existing for the Guarantee Section (2).

4.2. Advances and expenditure

4.2.1. Advances

The monthly advances to the Member States under Chapter 90 "Food Aid Expenditure" amounted to 72 100 000 u.a. for the financial year 1973 analysed as follows :

Cereals	65.9 m.u.a.
Skimmed milk powder	3.5 m.u.a.
Sugar	2.7 m.u.a.

These amounts were paid by the Commission into the special account which each Member State holds on behalf of the Guarantee Section.

The breakdown by Member State is shown in the following Table :

Table No 7

Food aid - analysis of advances and expenditure by Member States

Member States	Advances u.a.	Expenditure to 31.12.73(u.a.)	% of utilization
Germany	28.300.000	24.581.792,82	87
Belgium	4.100.000	2.986.906,60	73
France	32.500.000	27.988.453,36	86
Italy	4.200.000	1.740.576,-	41
Netherlands	3.000.000	1.554.099,72	52
	72.100.000	58.851.828,50	82

The amounts made available to the Member States for the 1973 financial year have been utilized to the extent of 82 %.

(1) O.J. No L 116 of 1 May 1973

(2) See description in First Report, Sec. 1.1.1.

4.2.2. Budget appropriations

The control of the 1973 budget is distinguished by :

- the close association of a new financing system by way of advances and the former system of reimbursing the Member States,
- delays in the execution of programmes requiring the carry forward of substantial credits,
- the effect on the cost of operations, on the one hand, of the situation in agricultural markets and, on the other, of special urgent measures.

Table No 8

Total appropriations available

u.a.

	1971 cereals programme and new measures in milk and sugar	1967 cereals programme	Special measures in milk products eggs and sugar	Total
Budget 1973	35.000.000	13.177.000	-	48.177.000
Transfer from Chapter 98	11.557.985	1.400.000	-	12.957.985
Carry forward budget 1972	25.542.015	7.823.000	24.457.985	57.823.000
	72.100.000	22.400.000	24.457.985	118.957.985

The transfers from Chapter 98 (non-allocated provisional appropriations) in favour of Chapter 90 of the food aid were mainly due to three factors :

- a) In the course of the 1973 financial year a definite speed-up in the execution of cereals food aid was noted in the framework of the 1971 programme particularly following the large-scale emergency actions put in hand in favour of the Sahel countries and Bangladesh. This speed-up resulted in an increase in the financial requirements of the Member States to meet the corresponding payments.
- b) The rise in the world price of cereals was reflected in a reduction, and even total elimination, of the f.o.b. refunds, causing a corresponding increase in the cost of the aid, which found its level in the difference between the value of the product supplied and the amount of the refund.
- c) The portion of the emergency actions carried out at the c.i.f. stage or beyond grew appreciably with the 1971 programme (cereals). This fact, together with the payment in certain cases of standard contributions towards freight costs to the places of destination, contributed to an appreciable rise in the cost of these operations.

4.2.3. Global commitments

On the basis of the provisional monthly reports of the Member States, the Commission decided to grant as advances for food aid expenditure the total credit available for this purpose, i.e. 72 100 000 u.a. This amount was the subject of global commitments in implementation of Article 115 of the Financial Regulation of 25 April 1973.

4.2.4. Accounting for commitments and payments

The table below shows the charges for commitments and payments in the course of the financial year against the advances granted and in the light of the payments declared by the Member States. As for the Guarantee Section, the charges during the year do not necessarily make up the final annual accounts, since these are subject to the Commission's agreement after audit.

Table No 9
Accounting for commitment and payment

Member-State	Product	Advances granted u.a.	Commitment and payment u.a.	Difference
GERMANY	cereals		23.811.293,16	
	sugar		770.499,66	
	sub-total	28.300.000	24.581.792,82	3.718.207,18
BELGIUM	cereals		841.639,64	
	milk		2.145.266,96	
	sub-total	4.100.000	2.986.906,60	1.113.093,40
FRANCE	cereals	32.500.000	27.988.453,36	4.511.546,64
ITALY	cereals	4.200.000	1.740.576,-	2.459.424,-
NETHERLANDS	cereals		926.225,14	
	sugar		627.874,59	
	sub-total	3.000.000	1.554.099,73	1.445.900,27
EEC		72.100.000	58.851.828,51	13.248.171,49

The differences between the detailed commitments and the advances granted constitute the balance available at 31.12.73 which the Member States can utilize for payments in the course of the 1974 financial year.

As regards the non-allocated 1973 appropriations, which amount to 13 248 171.49 u.a., 5 149 484.35 u.a. has been cancelled (1) and 8 098 687.14 carried forward to 1974.

(1) These were 1972 appropriations brought forward.

4.3. Closure of the accounts

4.3.1. The reimbursement of aid in cereals 1969/70 programme

As regards the execution of the 1967 Cereals Aid Programme, the Commission decided on 21.12.1973 to reimburse the "gift" portion of the expenditure incurred by the Community measures under the 1969/70 programme. This expenditure amounted to 22 148 041.85 u.a. in respect of the grant of the equivalent of 335 500 m. tons of cereals.

The Community financing analysed by Member State is as follows :

Belgium	1.016.329,94 u.a.
Germany	6.661.060,32 u.a.
France	5.862.814,20 u.a.
Italy	7.559.837,96 u.a.
Netherlands	1.047.999,43 u.a.
	<u>22.148.041,85 u.a.</u>
	=====

4.3.2. The financing of special measures

As regards food aid in egg products (1), milk products (2) and sugar (3), the Commission took the necessary financing decision on 20.12.1973.

The Table below gives the financial details :

Table No 10

Financing of aid measures in milk products, egg products and sugar

Member State	Products	Quantity T	Finance u.a.
FRANCE	skimmed milk powder	853,500	540.984,32
NETHERLANDS	"	2.615,-	1.594.554,97
BELGIUM	"	31.112,375	19.042.826,94
NETHERLANDS	egg products	425,-	1.261.153,69
GERMANY	"	50,-	158.077,86
FRANCE	"	25,-	66.600,06
NETHERLANDS	sugar	3.939,320	1.052.111,09
			<u>23.716.308,93</u>

(1) See R. 1577/71 O.J. No L 167 of 26.7.71, p. 9

(2) See R. 442/72 O.J. No L 54 of 3.3.72, p. 1

(3) See R. 1475/72 O.J. No L 157 of 13.7.72, p. 3

These aid measures were carried out through the World Food Programme as regards the skimmed milk powder and egg products and through UNRWA for the sugar aid.

TITLE III

GUIDANCE SECTION

The Guidance Section provides Community finance to assist the implementation of the common policy for the structural improvement of agriculture. Since the adoption of Regulation (EEC) No. 729/70, common measures have been given financial priority over individual projects within the framework of Regulation No. 17/64/EEC and the various special measures previously decided by the Council.

5. Financing of common measures

5.1. Common measures which gave rise to financing decisions in 1973

5.1.1. Directive (EEC) No. 71/286 of 26 July 1971 concerning statistical surveys to be carried out by the Member States with a view to determining the production potential of certain types of orchards (1)

The expenditures relating to this common measure are given under the heading "Decisions on reimbursement or payment for common measures" (point 7.2.2.a.).

5.1.2. Regulation (EEC) No 2722/72 of 19 December 1972 concerning the financing by the EAGGF, Guidance Section, of a measure for the conversion of the salted cod fishing sector (2)

The 1973 budget allocated 2 million u.a. to this measure, under item 8200.

Six applications for aid were introduced before 1 July 1973 and three French projects were granted aid by the Commission's decision of 20 December 1973 for a total amount of 1 816 464 u.a. These projects comprise the construction of a deep-freezing tunny seiner and two deep-sea factory trawlers.

(1) O J No L 179, 9.8.1971, p. 21

(2) O J No L 291, 28.12.1972, p. 30

EAGGF, Guidance Section, aid for the common measure
"Conversion of the salted cod fishing sector" in 1973

Table 11

Project reference	Nature of the investment	Total investments (u.a.)	Aid granted (u.a.)
RPM F/1/73	Tunny seiner	2.337.721	504.123
RPM F/2/73	Factory trawler	3.589.181	681.827
RPM F/3/73	Factory trawler	3.332.618	630.514
		9.259.520	1.816.464

5.2. Common measures decided in 1973 but not requiring financing in that year

5.2.1. Measure for conversion from dairy production to meat production

Council Regulation (EEC) No 1353/73 of 15 May 1973 (1) established a system of premiums for the conversion of dairy herds to meat production and a development premium for beef herds.

The EAGGF, Guidance Section, is required to reimburse 50 % of the eligible expenditures to the Member States. As the applications for reimbursement must relate to expenditures ^{of} the previous calendar year, the first EAGGF reimbursements are due in 1974.

5.2.2. Measure to aid farming in less favoured areas

In its Resolution of 15 May 1973 concerning agriculture in certain less-favoured areas (2), the Council agreed in principle to the financial participation of the EAGGF, Guidance Section, in a special aid system to preserve farming and to improve the incomes of farmers in these areas.

(1) O J No L 141, 28.5.1973, p. 18

(2) O J No C 33, 23.5.1973, p. 1

This resolution was followed in January 1974 by the Council's adoption of a Directive on hill farming and farming in mountainous and certain other less-favoured areas. This Directive will not, however, come into force before the date on which the Council agrees the Community list of areas in question and decides on the rate of financial participation by the Community in relation to the compensatory allowance provided under the Directive. Under the terms of the Resolution of 15 May 1973, this rate will be between 25 and 50 %.

5.3. Placing in reserve of appropriations for the financing of the common measures

To provide for expenditures on the common measures already adopted or likely to be adopted, the Council, on a proposal from the Commission, has continued to reserve certain appropriations in the annual budget of the Guidance Section. In 1973, 92 200 000 u.a. were put in reserve under the provisions of Council Regulation (EEC) No.2809/73 of 15 October 1973 (1), thus bringing up to 538 525 700 u.a. the appropriations placed in reserve for the common measures during the years 1969 to 1973.

In addition, on the basis of the Council Resolution of 21 March 1972, specifying that, with effect from 1972, the EAGGF could be used for regional development measures, an amount of 50 million u.a. was placed in reserve in 1973 to cover expenditures in relation to the proposed common measure submitted by the Commission to the Council in June 1971, concerning the financing by the Guidance Section of the EAGGF of projects to provide non-agricultural employment in depressed ("priority") agricultural regions.

The appropriations placed in reserve for this common measure thus amount to 75 million u.a. for 1972 and 1973.

(1) O J No L 290, 17.10.1973, p.1

6. FINANCING OF PROJECTS FOR THE STRUCTURAL IMPROVEMENT OF AGRICULTURE

The direct financing of individual projects for the structural improvement of agriculture within the framework of Regulation No 17/64/EEC is authorized to continue, by virtue of Article 6, para. 4 of Regulation (EEC) No 729/70, for as long as the amount of the appropriations for the financing of the common measures does not reach 325 million u.a.

Expenditures in connection with the common measures for 1973 being small, the financing of individual projects again constituted the main activity of the Guidance Section.

6.1. Quantitative analysis of the projects financed

The time-lag of one year which, until 1973, affected the work of the EAGGF as regards decisions to grant aid, led the Commission to decide the 1972 aid in 1973.

The Commission decided, in June and October 1973, on the granting of aid for 1972 to an amount of nearly 150 million u.a., in accordance with the allocation determined by the Council pursuant to Regulation (EEC) No 847/72 of 24 April 1972 (1).

The breakdown is as follows :

Table 12

Member State	Number of projects financed	Amount of aid granted (u.a.)	Distribution (%)
Germany	115	42.100.813	28,07
Belgium	59	12.033.812	8,02
France	74	33.254.416	22,17
Italy	145	50.498.477	33,67
Luxembourg	6	943.112	0,63
Netherlands	30	11.167.636	7,44
Totals	429	149.998.266	100,00

(1) O.J. No. L 100, 27.4.72, p. 4

As in preceding years, the number of applications lodged was significantly higher than the number financed.

The Commission's services examined the legal, economic, technical and financial aspects of 880 projects, representing a total investment of 1 100 million u.a. Fifty-three projects were rejected, being considered as inadmissible in terms of their objectives or not conforming to the conditions of Regulation No 17/64/EEC. Of the remaining 827, 389 could not be aided due to insufficient funds.

The 429 projects which received aid from the Fund represent a total investment of 588 million u.a., or an average of 1 371 000 u.a. per project. The average level of aid granted was 349 646 u.a. per project, or 25.5 % of the average investment.

This percentage is explained by the fact that, although the maximum aid from the Fund is normally 25 % of the investment, in the exceptional cases of projects for the improvement of production conditions the rate of aid may be increased to 45 %.

6.2. Qualitative analysis of the projects financed

6.2.1. Production projects

6.2.1.1. Consolidation of holdings and provision of roads sector

Table 13

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	22	27.293.722	7.092.438
Belgium	20	11.004.694	3.224.390
France	10	4.695.981	1.360.197
Italy	-	-	-
Luxembourg	-	-	-
Netherlands	11	24.199.461	5.105.301
Totals	63	67.193.858	16.782.326

The projects financed essentially concern the consolidation of holdings and work ancillary thereto (37 projects) and rural road networks (26 projects).

6.2.1.2. Drainage and irrigation sector

Table 14

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	13	19.118.849	4.607.686
Belgium	2	649.458	140.092
France	10	34.841.682	8.358.917
Italy	7	8.103.416	1.977.582
Luxembourg	1	80.000	36.000
Netherlands	1	352.210	86.347
Totals	34	63.145.615	15.206.624

This work comprises irrigation operations in the strict sense (6 projects), improvements to watercourses (20 projects) and drainage and land improvement operations (8 projects).

6.2.1.3 Afforestation sector

Table 15

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	1	1.657.377	745.820
Belgium	-	-	-
France	4	2.055.635	720.041
Italy	1	224.000	100.800
Luxembourg	-	-	-
Netherlands	-	-	-
Totals	6	3.957.012	1.566.661

6.2.1.4. Miscellaneous production projects sector

Table 16

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	9	20.862.550	4.689.318
Belgium	3	571.087	140.537
France	7	22.855.584	5.241.006
Italy	89	91.594.634	36.661.853
Luxembourg	-	-	-
Netherlands	1	1.629.834	404.972
Totals	109	137.513.689	47.137.686

This sector covers projects concerning various production activities in agriculture such as meat production, the improving and reorganization of vineyards, fish farming, oyster-breeding, mushroom cultivation, and the production of seeds.

Most of the projects classed under this heading are in Italy and consist of infrastructure work (electrification, supply of drinking water and road networks); of improvements to oil production and meat production facilities; the improvement of vineyards; and the production of selected seeds.

6.2.2. Mixed production and marketing projects sector

Table No 17

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	2	2.120.014	526.857
Belgium	1	203.815	50.954
France	8	7.682.875	1.533.175
Italy	9	11.531.658	2.821.561
Luxembourg	1	1.744.020	436.005
Netherlands	-	-	-
Totals	21	23.282.382	5.368.552

In France, these projects mainly concern the drying of beet pulp and the production of animal feedstuffs; while, in Italy, they principally involve the production and marketing of beef, veal, mutton and lamb, the manufacture of animal feedstuffs, and various projects connected with the oil production sector and the cereals sector.

6.2.3. Improvement of marketing and processing structures

6.2.3.1. Milk and milk products sector

Table 18

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	29	55.494.422	12.839.802
Belgium	9	7.490.580	1.799.224
France	11	26.200.503	4.995.995
Italy	5	6.258.382	1.518.291
Luxembourg	2	1.734.000	359.921
Netherlands	4	7.192.807	1.554.300
Totals	60	104.370.694	23.067.533

The projects financed comprise the modernization, transformation and enlargement of dairies, cheese plants and butter factories (49 projects) and also the creation of new cheese plants and dairies (10 projects) and the setting up in Germany of a milk products and re-^{training}search centre.

6.2.3.2. Meat sector

Table 19

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	8	7.223.682	1.578.721
Belgium	7	11.491.350	2.807.655
France	5	17.274.244	3.811.010
Italy	1	3.043.440	703.175
Luxembourg	1	156.000	39.000
Netherlands	4	6.713.445	1.261.638
Totals	26	45.902.161	10.201.199

In this sector (13 projects), meat-marketing centres (6 projects) and processing factories, mainly the production of diversified products and meat preserves (7 projects) benefited from Fund aid.

6.2.3.3. Fruit and vegetables sector

Table 20

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	12	10.397.548	2.528.069
Belgium	9	5.440.004	1.097.438
France	7	12.348.094	2.112.969
Italy	9	8.461.300	1.609.706
Luxembourg	-	-	-
Netherlands	5	5.162.721	1.004.638
Totals	42	41.809.667	8.352.820

The projects financed cover centres for the storage and conditioning of fruit and vegetables (12 projects), sales outlets (12 projects) and processing plants (18 projects).

6.2.3.4. Cereals sector

Table 21

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	-	-	-
Belgium	7	11.224.856	2.723.522
France	-	-	-
Italy	6	4.602.740	1.087.376
Luxembourg	-	-	-
Netherlands	-	-	-
Totals	13	15.827.596	3.810.898

This sector mainly concerns installations for grain storage both in Belgium and Italy (10 projects) and centres for grain marketing and drying (3 projects).

6.2.3.5. Wine sector

Table 22

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	7	6.719.525	1.625.762
Belgium	-	-	-
France	4	2.465.703	470.964
Italy	16	15.839.972	3.735.409
Luxembourg	1	290.000	72.186
Netherlands	-	-	-
Totals	28	25.315.200	5.904.321

The projects financed and classed under this heading comprise the extension of co-operative wine cellars in Germany, the building of vinification installations in France and the establishment of co-operative wine cellars and centres for bottling, maturing and marketing of wine in Italy.

6.2.3.6. Miscellaneous marketing and processing projects sector

Table 23

Member State	Number of projects financed	Total investments (u.a.)	Aid granted (u.a.)
Germany	12	25.114.308	5.866.340
Belgium	1	200.000	50.000
France	8	25.670.024	4.650.142
Italy	2	1.319.680	282.724
Luxembourg	-	-	-
Netherlands	4	7.832.779	1.750.440
Totals	27	60.136.791	12.599.646

These projects comprise those not covered under the preceding sector heads, for example, fishing boats and fish processing plants, factories for deep-freeze products and ready-to-eat dishes, co-operative oil mills, and flower auctions.

6.3. 1973 projects

For the year 1973, 1 219 new projects have been submitted, to which must be added 322 not aided in 1972 for lack of sufficient funds (giving a total of 1 541).

Regulation (EEC) No 2809/73 of the Council, of 15 October 1973 (1), provided appropriations of an amount of 170 million u.a. for 1973, which for the first time cover all nine Member States. Study of the aid applications began in October and the decisions to grant aid were taken in two instalments, in June and July 1974 respectively.

(1) O J No L 290, 17.10.1973, p. 1

7. IMPLEMENTATION OF THE DECISIONS TO GRANT AID UNDER THE INDIVIDUAL, COMMON AND SPECIAL MEASURES

7.1. Implementation of the decisions to aid individual projects

7.1.1. Payments made in 1973

In 1973, 848 applications for payment were transmitted to the Commission. Taking into account the 306 applications for payment received in 1972 but which could not be processed before the end of that year, the EAGGF services had 1 154 requests for payment to handle in 1973.

By 31.12.1973, it had proved possible to examine 920 applications, of which 750 gave rise to payment in 1973 and 99 in early 1974. The 71 remaining files concern applications for which the supplementary details or information requested had not been received by 31.12.1973.

Taking into account the 79 payments authorized and prepared in 1972 but actually made early in 1973, the Guidance Section effected 829 payments in 1973 relating to 307 completed projects and 522 still in course of completion.

These payments represent a total amount of 106 170 897.49 u.a. which, by Member State, breaks down as follows :

Table 24
Payments in 1973 for individual projects

Member State	Amount (u.a.)
Germany	47.260.125,25
Belgium	6.047.517,04
France	29.021.350,11
Italy	12.575.625,80
Luxembourg	216.353,84
Netherlands	11.049.925,45

The distribution of these amounts by year is shown in Annex O.IV.

7.1.2. The position of projects approved in 1966, 1967 and 1968

In 1973, it proved possible to settle the aid granted to 7 projects from the year 1965 and to 43 projects from 1966.

According to the information transmitted by the Member States, the last 6 projects for 1965 have all been completed and, this being so, the Commission has asked the Council for a further carry-over of the appropriations to permit the payment in 1974 of the aid granted to these projects.

As regards the 42 projects from 1966 in respect of which it had not been possible to effect payment before the end of 1973, the Commission has requested the carrying-forward of the appropriations to 1974 only for the 36 which are completed or in course of completion.

As regards the aid granted in 1968 to 152 projects of the year 1967 and 161 of the first instalment of 1968, carrying-forward of the appropriations has been requested in respect of 90 of the 91 not settled, i.e. 46 from 1967 and 44 from the first instalment of 1968.

The reasons for the delays which have occurred in the commencement of the work on 6 projects of 1966 and 1 of 1967 did not justify the submission of a request to the Council to have the amounts carried forward. The Commission has therefore put in hand the procedure for cancelling the aid for the 7 projects in question.

Finally, it should be pointed out that in 1973 the last aid granted to the "Floods-Italy" projects was paid to the beneficiary.

In percentage terms, the outcome of the aids granted to the 664 projects under the head of the years 1965 to 1968 (first instalment) is as follows :

Year	Appropriations committed		Aid actually paid	Appropriations not used	Appropriations carried over to 1974
	In	Amount			
1965	1966	17.134.258	73,3 %	19,8 %	6,9 %
1966	1967	41.586.875	67,0 %	20,3 %	12,7 %
FLOODS-Italy	1967	10.000.000	78,7 %	21,3 %	-
1967	1968	26.039.369	65,3 %	7,1 %	27,6 %
1968 1st inst.	1968	34.114.667	59,5 %	9,7 %	30,8 %

7.1.3. Implementation of projects

a) Project modifications

In 1973, 133 requests for amendments to the decisions relating to the grant of EAGGF, Guidance Section, aid were referred to the Commission.

Of all these requests, 57 were the subject of an agreement without any amendment to the decisions, as the changes considered were of small importance and involved only slight increases or reductions in costs in relation to the forecasts.

Thirty-one requests gave rise to amendments of the decisions, as the projects considered had undergone changes which no longer permitted them to be financed on the basis of the initial decisions.

For three projects, the aid initially granted was reduced by a total amount of 108 981 u.a., taking into account the new eligible costs.

Two requests were refused, as the work carried out differed completely from the original project.

For certain requests it was not possible to complete the examination as sufficient supplementary information had not been transmitted.

b) Projects not carried out

In 1973, 76 beneficiaries stated their intention not to carry out their projects and to forego the aid granted. As a result, an amount of 12 584 740 u.a. was cancelled, comprising 925 676 u.a. for three German projects, 60 390 u.a. for a Belgian project, 1 905 829 u.a. for 8 French projects, 9 679 033 u.a. for 63 Italian projects, and 13 812 u.a. for a Dutch project.

c) Projects carried out in breach of the conditions laid down

In 1973, the Commission took decisions cancelling the aid granted to two French projects (597 683 u.a. of aid), one German project (50 561 u.a.) and one Dutch project (39 158 u.a.). In all four cases, work had started before the request for aid was submitted.

In addition, the Commission reduced the amount of aid from 70 709 u.a. to 14 142 for a French project, and from 32 160 u.a. to 16 080 u.a. for a Belgian project.

A total of 760 049 u.a. was consequently cancelled because of failure to respect the conditions of payment.

The Commission has also put in hand the procedure for the cancellation of the aid granted to seven Italian projects of the years 1966 and 1967 on which work had still not begun in 1973 (see point 7.1.2 above).

7.1.4. Aid not taken up

When the eligible expenditure actually incurred by the beneficiary does not reach the amount of the planned costs, the aid paid out is lower than that granted. In this way, appropriations amounting to 4 499 603.36 u.a. remained unused in 1973.

Taking into account the remarks above on the subject of projects not carried out and those carried out without observing the conditions laid down, it may be noted that in 1973 the total amount of the appropriations not used comes to 17 844 392.36 u.a.

This brings to 26 476 176.86 u.a. the total of credits not used since Regulation No 17/64/EEC began to be implemented. This is equivalent to 3.1 % of the amount committed at 31.12.1973 for individual projects and the Italian flood damage projects.

7.1.5. Total payments made for individual projects since the establishment of the EAGGF

At 31.12.1973, the amount paid out in favour of individual projects amounted to 256 366 557.43 u.a., or 29.8 % of the appropriations committed.

For the various Member States, the percentages settled are as follows :

Table 25
Breakdown of payments, as a percentage of
the commitments, by Member State and year

Appropriations committed in	EEC	D	B	F	I	L	N
1973	2	3	1	6	-	-	-
1972	16	28	25	23	1	7	28
1971	28	53	22	34	1	72	39
1970	40	62	50	42	12	100	70
1969	50	69	54	43	30	100	83
1968	65	74	72	52	60	17	93
1967	67	83	89	69	40	95	88
1966	73	89	100	65	53	100	100
1965	84	97	99,6	64	78	-	100
Total	29,8	44,9	34,7	30,7	11,5	47,2	46,6

The situation at 31.12.1973 as regards appropriations committed and payments made is given in Annex O.II.

The low percentages of settlement of the commitments accounted for in 1972 and 1973 can be explained by the fact that projects take several years to carry out; the aid granted for these two years consequently concern projects which are generally only in their initial stages.

7.2. Special and common measures

7.2.1. Aid decisions

In 1973, aid was granted by the EAGGF, Guidance Section, for the following measures :

a) Premiums for slaughtering cows and for withholding of milk and milk products from the market - Regulation (EEC) No 1975/69

- reimbursement of 50% of the expenditure incurred in 1971 by Germany (2 861 558 u.a.) and the Netherlands (260 487 u.a.)

: 3 122 045 u.a.

- reimbursement of 50% of the expenditure incurred in 1972 by Germany (1 124 202 u.a.) and Luxembourg (9 562 u.a.) : 1 133 764 u.a.

The 1971 and 1972 expenditures consist almost exclusively of the first three of five instalments of the premium for withholding milk and milk products from the market which have to be paid.

In view of the fact that the data transmitted were incomplete, it was not possible to act on the following requests for reimbursement in 1973 :

- France (expenditure in 1971)
- France, Belgium and the Netherlands (expenditure in 1972); the appropriations in the 1973 budget had therefore to be carried over to 1974.

As in the preceding years, Italy did not submit any requests for reimbursement.

b) Premiums for the grubbing of fruit trees - Regulation (EEC) No 2517/69

- Reimbursement of 50 % of the expenditure incurred in 1971 by Belgium (855 439 u.a.), France (4 757 046 u.a.) and the Netherlands (1 299 057 u.a.) : 6 911 542 u.a.

This relates partly to supplementary payments which were necessary to increase the grubbing premium to 800 u.a. per hectare cleared, and in this way to fulfil the conditions for the definitive granting of the reimbursement.

The amount of the aid in favour of the Netherlands was fixed provisionally at 1 339 278 u.a. The appropriations initially entered in the 1972 budget and carried over to the 1973 financial year proved to be inadequate to enable the payment of the total amount due i.e. 2 075 796 u.a.

- The reimbursement of 50 % of expenditure incurred in 1972 by Germany (1 831 677 u.a.), Belgium (831 161 u.a.), Luxemburg (24 477 u.a.) and the Netherlands (730 456 u.a.) : 3 417 771 u.a.

The request submitted by France (for 1972 expenses) being incomplete, it was not possible to reimburse the amounts involved in 1973, and the relevant appropriations had to be carried forward to the 1974 financial year.

Here, too, as in the preceding years, Italy did not submit any request for reimbursement.

c) Aids to organizations of fruit and vegetable producers - Regulation (EEC) No 1035/72

- Reimbursement of 50 % of the expenditure incurred in 1967/68, 1969 and 1970 by France (310 442 u.a.) and in 1970 by Germany (370 543 u.a.) : 680 985 u.a.
- Reimbursement of 50 % of the expenditure incurred in 1971 by Germany (245 255 u.a.) and Italy (1 504 054 u.a.) : 1 749 309 u.a.

The following requests for reimbursement could not be acted on in 1973 :

- France (expenditure in 1971): the data submitted being incomplete;
- Germany, France and Italy (expenditure in 1972). As the requests were submitted at the end of December 1973.

The Netherlands, Belgium and Luxembourg did not grant any aids to organizations of fruit and vegetable producers.

d) Other special measures

It should be pointed out in addition that, in 1973, the Member States had not yet submitted requests for reimbursement for aids to producers' organizations in the fishing industry under Regulation (EEC) No 2142/70^{or} for their expenditures for improving the production and marketing of Community citrus fruit under Regulation (EEC) No 2511/69.

7.2.2. Decisions on reimbursement or payment for common measures

In 1973, aid was granted by the Guidance Section of EAGGF for the following common measures :

a) Statistical surveys of certain types of orchards - Directive 71/286/EEC

- Reimbursement of a part of the expenditure incurred by Belgium (15 000 u.a.), France (196 000 u.a.) and the Netherlands (35 000 u.a.) : 246 000 u.a.

As Germany, Italy and Luxembourg had not carried out the first survey within the time limits laid down by the Regulation or made the relevant calculations, it has not yet been possible to pay out the amounts for 1973 reimbursements due to these Member States.

Directive 74/175/EEC extended the time-limit to 30.6.1974. The appropriations provided have had to be carried over to the financial year 1974.

b) Conversion measures in the salted cod fishing sector - Regulation (EEC) No 2722/72

- Grant of aid for two factory trawlers and a deep-freezing tunny seiner in France : 1 816 464 u.a.

7.2.3. Payments

The payments in implementation of the decisions to grant aid for the special measures indicated above were made in 1973. In addition, a payment to Italy was made on the basis of appropriations committed during earlier financial years; this was an amount of 301 646 u.a. paid for making good damage caused by the 1966 floods .

In 1973 payments from the Fund consequently amounted to 17 563 062 u.a., of which 6 430 000 was paid to Germany, 1 700 000 to Belgium, 5 260 000 to France, 1 810 000 to Italy, 0.03 million to Luxembourg and 2 330 000 to the Netherlands (see Annex O.V).

Since 1966 the total amount of credits committed for ^{the} special and common measures totals 243 352 059 u.a.

The credits actually used break down as follows :

- Germany	:	31 686 581 u.a.
- Belgium	:	5 679 114 u.a.
- France	:	17 694 928 u.a.
- Italy	:	174 885 577 u.a.
- Luxembourg	:	7 697 677 u.a.
- Netherlands	:	5 015 929 u.a.

The position at 31.12.1973 for appropriations committed and payments made for the various special measures is given in Annex O.II.

7.2.4. Supporting evidence for aid fixed on a standard basis

a) Italy - Aid of fifteen million u.a. paid on 10.3.1970 for the improvement of production and marketing structures in the raw tobacco sector

According to the report transmitted on 12 August 1973, the total amount of aid granted by the Italian Government for measures to improve the structure in the tobacco sector is 11 443 953 769 lira or 18 310 326 u.a. The information contained in the report and a site visit by the Commission's services permitted the conclusion that the investment projects carried out or being carried out tally with the information given by the Commission Recommendation of 2 May 1966 concerning the programme of measures drawn up by the Italian Government. Taking into account also the grounds given for the delay in submitting the supporting evidence, the Commission, on 22.3.1974, addressed a letter to the Italian Government inviting it to ensure that the date planned for the completion of the work (i.e. the beginning of 1975) is respected and to transmit to the Commission a report on progress at 30.6.1974.

b) Italy - Aid of 132 200 000 u.a. paid between 1.8.1967 and 21.12.1973 for the improvement of the olives and olive oil sector and the fruit and vegetables sector

On 25.2.1974 and 31.3.1974 the Italian Government transmitted two reports of which the first concerns the utilization of the amount of 45 million u.a. granted by the Commission Decision of 5.7.1967 under Article 4 of Regulation 130/66 and the second concerns the other amounts, totalling 87 300 000 u.a., granted by the Commission Decision of 16.10.1968, 22.12.1969, 22.12.1970 and 21.12.1971 pursuant to Article 12, para. 4 of Regulation 159.

It emerges from the report concerning the utilization of the 45 million u.a. that the aid granted for the olives and olive oil sector amounts to 14 810 000 000 ^{lira} (23.7 m. u.a.) and for the fruit and vegetables sector to 13 585 000 000 ^{lira} (21.8 m. u.a.). The aid actually paid amounts to 12 762 000 000 lira.

According to the information supplied, a certain number of projects are still under way, completion being foreseen for the end of 1974 and early 1975.

The study of the file is to be rounded off by on-the-spot checks to examine the causes of the delay in submitting the supporting evidence and to get a better idea of the current situation of the work.

An initial visit, concerning mainly the projects in the ^{olives and} olive oil sector, was made in June 1974.

As regards the utilization of the 87 300 000 u.a. paid for the improvement of the structures in the fruit and vegetables sector, the report of 31.3.74 concerns 175 projects representing an aid of 19 343 000 000 ^{lira} (for which completion is foreseen for 30 March 1975) and 11 larger projects of a regional or interregional nature representing an aid of 19 966 000 000 ^{lira}.

However, the report is incomplete in view of the absence, on the one hand, of the data on progress with 116 projects proposed by the autonomous Regions and, on the other hand, of the data on the projects of a regional nature still under study (the planned amount of aid for which is 7 389 000 000 ^{lira}).

Pending the conclusion of the examination of the files and site visits which will determine future action in this matter, the Italian Government has been informed that the reports transmitted cannot be considered as adequate.

c) Grand Duchy of Luxembourg - Aid of 7.5 m. u.a. for actions to complete the integration of Luxembourg agriculture into the Common Market

On 24 June 1974 the Luxembourg Government submitted the second and final report concerning expenditure amounting to F.Lux. 124 488 703.

The total amount of the aid paid consequently stands at F.Lux. 375 018 339.

According to the information submitted, the aid has been granted in the context of the Agricultural Guidance Law and following the Commission Recommendation of 26.5.1965 regarding that law.

The final report has been examined by the Commission's services. A few extra items of information were found to be necessary.

7.3. Contributions

The appropriations committed during the years 1964 to 1971 are covered by contributions from the Member States calculated on the basis of specific assessment keys. According to an agreement reached, these contributions are called for only as and when required.

Since 1972 these appropriations have been financed by the Community's own resources.

At 31.12.1973, the total expenditure of the Guidance Section for the years 1964 to 1971 inclusive was 469 693 968.63 u.a. At that date, total contributions paid by the Member States amounted to 507 417 881.57 u.a.*, broken down as follows :

- Germany	:	162 096 123,27
- Belgium	:	38 342 344,92 *)
- France	:	159 866 441,25
- Italy	:	102 922 760,62 *)
- Luxembourg	:	1 105 519,37
- Netherlands	:	43 084 692,14 *)

*) At 31.12.1973, three Member States had not yet paid their shares of the call made on 10.12.1973. The following amounts were received in January and February 1974, and they increased the total contributions to 525 241 693.92 u.a. at 31.12.1973 :

- Belgium	:	4 052 959,98
- Italy	:	9 771 318,05
- Netherlands	:	3 999 534,32

TITLE IV

VERIFICATIONS AND IRREGULARITIES

This Title concerns the implementation of Articles 8 (Irregularities) and 9 (Verifications) of Regulation No. 729/70.

8. Verifications

8.1. General

It should be recalled that the verifications of expenditures are carried out both on supporting documents sent by the Member States to the Commission and on the spot, either with bodies keeping the accounts and having available detailed supporting documents or with beneficiaries of Community subsidies.

8.2. Guarantee Section

8.2.1. Methods of verification

The methods of verification, both on supporting documents and on the spot, were amply described in the 1971 and 1972 financial reports (1). However, certain measures have been taken which, make possible a more rational verification of expenditure and a narrowing in the delay in closing of accounts. These are :

- a) Replacement from the end of 1973 of the single Guarantee Division by two divisions, one of which will be essentially responsible for verifications on supporting documents and on the spot;
- b) recognition of the need for more staff for the Guarantee Section and temporary recourse to national experts for the closing of the oldest accounts;
- c) simplification of the declarations of the Member States for the periods prior to 1.1.1971 and, particularly with effect from 1972, the harmonization of these declarations according to detailed models for the presentation by intervention agencies of their accounts by product;
- d) grouping together of several periods for documentary and on-the-spot verifications.

(1) Report 71 - paragraphs 50 and 51 - and Report 72, paragraphs 5.1 and 5.2

In addition, the respective powers of financial control and of the Control Commission as regards verifications of accounts have been made more specific by the financial regulation adopted by the Council on 25.4.1973 (2).

8.2.2. Verifications on documents

As regards the verifications on documents, those relating to the definitive closure of the accounts of the Guarantee Section mentioned at Sec. 3.2 advanced at a slower pace in 1973. On the other hand, those in respect of detailed monthly commitments expanded, and called for considerable work, in particular during the first quarter, in order to complete these chargings under the head of the 1972 financial year before 31 March 1973. In order to avoid the emergence of considerable delays in the financing of food aid, the work of verification on documents was pushed ahead actively.

8.2.3. On-the-spot verifications

On-the-spot missions have been systematically carried out as regards verifications of the accounts for food aid and participation as an "associated service" in "own resources missions" (1). In addition, selected missions have taken place in connection with the enlargement of the Community, the introduction of new sectors (for example, tobacco), and with certain problems posed by the operation of the definitive system and that of the compensatory amounts, this last type of mission being more of a preventive nature as regards control. As to the on-the-spot verifications prior to the definitive closure of the accounts of the Guarantee Section, the verifications on documents and the various administrative measures have permitted their development from 1974.

(2) O.J. No L 116 of 1.5.1973, in particular Articles 19 and 87

(1) For the agricultural levies more than some 30 days work on the spot

8.3. Guidance Section

8.3.1. Projects for the improvement of structures

During the year 1973, 15 projects were checked on the spot. As in the previous year this represents about 5 % of the projects completed. However, it is twice as many as those verified in 1972.

The controls were decided on first of all because of changes made in the initial project and doubts concerning the real date of the beginning of the work. Furthermore, the need to examine in greater detail for certain types of projects the national control methods concerning more specially the production structures, also led the Services of the Commission to apply controls on the spot.

Following these visits, it was possible to authorise payment for 14 projects. Verification of the project entitled : "Modernization work and extension of a cooperative dairy at Dissay" (F/4/71) on the other hand confirmed the impression given by the request for payment that the building work had begun before the application was lodged.

Consequently, the Commission, acting under Article 7 of Regulation 99/64/EEC, has invited the Member State and the beneficiary to furnish explanations concerning the non-observance of the conditions laid down in the Community rules and regulations.

It should be noted that the cancellation procedure began in 1974.

8.3.2. Special measures

The on-the-spot controls aim to verify the application by the Member States of Community rules regarding conditions for the grant of aids and the determination of their amounts.

In this way, the examination dealt with the following aspects :

- general measures of application taken by the Member State, service memos and explanations of Community provisions;
- decisions concerning the granting of aid, payment orders, lists of expenditures incurred, etc.

In addition, a certain number of beneficiaries are visited with the aim of checking on the spot whether they have observed the conditions laid down (for example, cessation of milk production, carrying out of grubbing-up operations for fruit trees).

In 1973 it was possible to carry out verifications for the following measures :

a) The aids paid in 1970 and 1971 by Italy to producer groups of fruit and vegetables by virtue of Regulation No. EEC/1035/72. Of the 12 producer groups covered by the request for reimbursement, 4 organizations situated in the regions of Bologna, Verona and Bolzano were examined. It was noted that the aids concerning 5 of the 10 organizations figuring in the 1971 request for reimbursement had in fact been paid in 1972, so that reimbursement by EAGGF had to be put off by one year and could only be carried out in the setting of the 1972 request.

b) The premiums paid from 1970 to 1972 by the Netherlands for the grubbing-up of fruit trees under the head of Regulation No. 2517/69/EEC.

To this end, an on-the-spot control was carried out in the Province of Utrecht as regards the expenditures declared by the Netherlands.

Here, the spending concerning three of the eleven Provinces were the subject of an examination bearing on the years 1970 to 1972.

One noted that the portion of the premium which had first been paid in accordance with national rules had later been included in the amount laid down by the EEC arrangements. However, a few premiums granted before 1.1.1970 could not be reimbursed.

c) The premiums paid in 1970-1972 by Belgium for the slaughtering of cows and the non-marketing of milk and milk products in accordance with Regulation 1975/69/EEC.

To this end the expenditures declared by Belgium were examined and subjected to an on-the-spot control in the Province of Namur.

A sample verification concerning six of the nine Provinces was made. The control did not reveal any particular problem.

In addition, as indicated at point 7.2.4. an in situ visit was made in connection with the funds made available to Italy for the raw tobacco sector in accordance with Article 12 (3) of Regulation No. 130/66/EEC. This visit concerned the projects situated in the regions which are the most important for these schemes : Umbria, Campagna and Puglia.

9. IRREGULARITIES

9.1. The implementation of Regulation (EEC) No. 283/72

9.1.1. General

It is recalled that Regulation (EEC) No. 729/70 concerning the financing of the common agricultural policy establishes in Article 8 the principle of Community responsibility for the losses due to irregularities but at the same time compels the Member States to assume the responsibility of taking the necessary measures to prevent irregularities, prosecute and to proceed to the recovery of sums lost.

On the basis of this article, the Council, on 7.2.1972, adopted Regulation (EEC) No. 283/72 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organization of an information system in this field (1), ^{for} the implementation of which efforts have been continued and deepened in the course of the 1973 financial year.

The features of this regulation were described in the second financial report (point 6.1). Nonetheless, the main provisions are recalled below.

9.1.2. Communication of the legislative and administrative provisions and also of a list of the authorities responsible for the prevention and prosecution of irregularities (Article 2 of Regulation (EEC) No.283/72)

All the States have communicated their legislative and administrative provisions.

However, the submission was in an uneven fashion and sometimes incomplete, particularly as regards the new Member States. For this reason, and because of the volume of the material communicated, it has not yet been possible to complete the examination of this data.

However, two working documents were prepared in 1973 concerning the remittance, and the delay allowed, of the amounts to be recovered, and also concerning national controls.

(1) O.J. No. L 36 of 10.2.72, p. 1

Subject to a more detailed examination, it should be noted that in certain fields, particularly that of the recovery of monies wrongly paid, it might prove necessary in the long-term to harmonize to some extent the different practices of the Member States. The list of the departments responsible for the prevention and prosecution of irregularities has been completed to include the authorities of the new Member States and has been made available to the authorities concerned in all Member States.

9.1.3. Statements by Member States concerning cases of irregularities (Articles 3 and 5)

The quarterly lists transmitted in accordance with Regulation (EEC) No. 283/72 and concerning the cases of irregularities which have been the subject of initial administrative or judicial findings in principle concern the practices adopted in committing the irregularity, the way in which these have been discovered, the financial consequences and the possibilities of recovery.

Since the time which elapses between the discovery of an irregularity and the recovery of the amounts wrongly paid is often very long, the Member States are required to communicate at the same intervals, that is to say quarterly, the progress achieved with a view to recovery in the cases already communicated and contained in the quarterly reports mentioned above, and on the way the recovery procedures are advancing, particularly as regards the amounts already recouped.

9.1.4. Special problems concerning the statements

Because of the absence of any statements from two Member States (Belgium and Italy), the Commission was obliged to apply the procedure for infringement provided for under Article 169 of the Treaty.

One of these procedures (Belgium) will shortly be closed following the reply of the Member State concerned by which the latter transmitted the statements provided for in Articles 3 and 5 of Regulation (EEC) No. 283/72.

The other procedure (Italy) is still pending. A second reply from the Member State concerned to the arguments put forward by the Commission was received in June 1974 and is at present being studied by the Services of the Commission.

9.1.5. Consultation between Member States and Commission concerning risks of fraud (Article 4)

Mention should be made of the application of the provision of Article 4, which provides that any irregularities of which it may be feared that they might have very rapid effects outside the member country concerned, or which reveal the use of a new fraudulent practice, shall be communicated without delay to the Commission and the other Member States concerned. This provision has produced few results so far for it is rare that Member States take an initiative along these lines.

However, there have been several cases, in particular :

- The method for denaturing cereals : there have been two meetings with the participation of the countries concerned;
- Export refunds :
 - lard (mixed with non edible fat)
 - butyric substance (export and reimport in the form of a "food preparation")
 - beef and veal (abnormal trade operations in order to obtain compensatory amounts).

In order to reinforce vigilance regarding these operations, all the Member States have been informed.

9.1.6. Launching of enquiries at the request of the Commission (Article 6)

Article 6 of Regulation (EEC) No. 283/72 opens the possibility of initiating, at the request of the Commission, administrative enquiries in which Commission officials may possibly take part when the Commission considers that irregularities have been committed.

Up to the present this provision has been used in six cases of suspected irregularities under the head of the Guarantee Section and one case concerning food aid.

- 1) Possible use in a clandestine distillery of sugar intended for UNRWA.

The enquiry carried out on this subject showed that sugar put up in bags bearing the label "White sugar, gift of the European Community" had been refused for a quality reason and subsequently legally sold in the trade. As a consequence, there was no expenditure to be borne by EAGGF and the matter is therefore closed.

- 2) Delivery of rice to the Bengali refugees as part of food aid.

It was not possible to prove any infringement of the Community provisions. However, doubts may be expressed as to the efficacy of the national methods of analysis to verify the quality of the produce. The case is closed.

- 3) Irregular utilization of export licences on the occasion of a delivery of soft wheat in Egypt.

This case is still pending. No decision has yet been taken concerning the financial consequences. The matter concerns expenditure incurred before 1.1.1971, that is to say before the entry into force of the definitive regulation on the financing of the common agricultural policy.

- 4) Manufacture of alcohol from denatured cereals.

After a further study of the dossier, the Commission has come to the conclusion that the regulation in question does not forbid such utilization. The matter is also closed.

- 5) Suspicion of irregularity in connection with the export of salted cod.

The enquiry carried out following a denunciation has shown that the firm which informed the Commission wished to turn aside suspicion from its own irregularities in the import of salted cod.

The case is in the process of being closed.

- 6) Suspected irregularity in the weighing of fish withdrawn from the market.

No irregularity having repercussions on EAGGF expenditure could be proven. However, following the enquiry carried out, stricter measures have been taken regarding the methods of weighing.

- 7) Export of subsidized butter and probable reimport of the goods, after putting up, camouflaged in cases of washing powder in the course of transport by sea.

The enquiry is not yet concluded.

The results of the launching of enquiries have therefore been very limited up to the present and the Commission intends to examine the means of making these enquiries more effective.

9.1.7. Information meetings (Article 7)

It was not possible to launch the information meetings at Community level in 1973 and the first meeting was held on 24 April 1974 with about ten delegates participating per Member State. Those present were informed of the situation regarding the statements and of the results of the initial exploitation of the data. It was agreed afterwards that the coming meetings on irregularities will be focused more on special questions concerning sectors of the Common Market organizations or specific types of fraud. As analysis of the statements showed that almost 80 % of the cases had been discovered following accounting control, the agricultural provisions on intervention which imposed to a considerable extent the obligation for beneficiaries to keep notes, registers and accounts for the different substances, should be examined more closely.

The first meeting also dealt with the cases in the Guidance Section, but these do not call in the immediate future for any more detailed examination under conditions similar to those in the Guarantee Section.

9.1.8. Possible gaps in the Community legislation

It should be noted that Article 7, paragraph 4, also covers cases where the implementation of certain provisions in force would show a lacuna harmful to the interests of the Community. This provision provides for the initiation of consultations at Community level to remedy such situations where necessary. Thanks to it, a Community regulation regarding special measures for the marketing of butter was amended in order to prevent abuses.

The Member States are responsible for the application of the Community provisions at practical level and, this being so, the desirable reinforcement of this provision calls for close cooperation between the national administrations and the Commission departments.

9.2. Cases of irregularities in the Guarantee Section

9.2.1. The years 1971, 1972 and 1973

It should be pointed out that the information given by the Member States in their statements provided under Article 3 (1) are often somewhat laconic, particularly as regards fraudulent practices. In order to obtain more satisfactory replies, EAGGF has been obliged, in certain cases, and particularly in 1973, to address itself to the Member States concerned. In view of the complexity of the financial operations of the Guarantee Section, knowledge of certain details is important for the Commission departments, particularly as regards the supervision of the proper application of the Community provisions on the one hand and the manner of remedying any lacunae or shortcomings of the rules and regulations on the other. Although it is not opportune to give a general definition of the concept of the first act of administrative finding that an irregularity exists, which is the determinant term for the establishment of the statements under Article 3, it should be stressed, from the angle of rational application of these provisions, that the statement should be made as soon as possible, which means as soon as the information likely to interest the Commission can be supplied.

An initial study of the cases of irregularities noted by the Member States shows that the majority concern the cereals and milk products sectors.

This is a provisional remark in view of the fact that one Member State has not yet sent in its statements concerning the fourth quarter of 1973.

Of a total of 87 cases of fraud, 41 concerned cereals and 27 milk products.

(1) R. (EEC) No. 283/72 - O.J. No. L 36 of 10.2.72

Apart from these two sectors in which the size of the aids, particularly for milk products, constitutes a temptation for dishonest transactors, no valid conclusions regarding the specially "sensitive" sectors can yet be drawn on the basis of the cases reported.

As regards the nature of expenditures, a distinction should be made between export refunds and interventions on the internal market.

9.2.2. Refunds

The fraudulent practices in the field of refunds consist mainly of false declarations of destination, quantity, quality or tariff heading but there is also falsification of documents.

As regards the irregularities committed, on the basis of a false declaration of the place of destination of the goods, a salient fact is the differentiation of the rates of refund by country of destination.

In several cases, the beneficiary of the refund had produced the proof that the merchandise had reached the country of destination.

However, the national paying body had not been content with this but had demanded proof of the placing in free circulation, considering that the increased refund is not due if the merchandise is intended in reality for a country to which the increased rate does not apply.

The quality of the proof to be supplied is therefore very important and, in this context, it should be pointed out that the provisions of Regulation (EEC) No. 1041/67 of the Commission concerning the implementing procedures for export refunds have recently been strengthened in particular on this precise point (1).

These new provisions lay down that where there is a differentiation of the rate of refund according to the destination of the product :

(1) Regulation (EEC) No. 2110/74 - O.J. No. L 220 of 10.8.1974, p. 1

- the payment of the refund shall be subject to the condition that the product has been imported into the third country for which the refund is provided,
- the product shall be considered as imported when the customs formalities for placing in free circulation in the non-member country have been completed,
- proof of the completion of these formalities shall be supplied, save in exceptional cases, by the production of the customs documents or a copy or photocopy thereof certified as correct by the competent services.

9.2.3. Interventions

As regards the 62 cases of irregularities regarding intervention expenditure reported, these concern exclusively the cereals and dairy products sectors, with the exception of one case in oils and fats. Forty of these reported cases concern cereals and of these 37 have to do with the payment of compensation or premiums for cereals in stock.

Almost all the cases of irregularity in question were noted by a specialized service on the occasion of accountancy checks.

The controls of stocks and their movements in the respective national territories, as provided for by the different regulations concerning the conditions of grant of compensations and storage premia leave a very wide power of discretion to the authorities of the Member State as regards the measures to be taken.

For milk products, 21 cases of irregularities relating to intervention expenditures have been reported. Fourteen of these concern the granting of aids to skim milk and skim milk powder for use as animal feed.

9.2.4. General remarks concerning the method of detecting frauds

It emerges from the majority of the statements supplied that the irregularities have been committed following false entries in the materials accounts which the beneficiaries are required to keep so that the paying departments can verify the reality of the transactions.

In this context, the possibilities of tracing irregularities obviously depend on the nature of the control measures provided and the strictness with which they are applied.

It would seem interesting to stress that the exploitation of the data communicated quarterly by the Member States has enabled the Commission departments to note that about 80 % of the cases of irregularities have been discovered thanks to an "accounting control" with the undertakings concerned.

One case of fraud connected with the granting of aids to skim milk processed with a view to the manufacture of casein and caseinates seems particularly interesting in view of the fact that it was discovered following a comparison of the material accounts with the final accounts.

The efficacy of such measures of supplementary control would seem to be evident, for it would be much more difficult for the beneficiary to falsify his accounts kept for commercial reasons and comprising invoices, contracts, bank statements, etc. and which is the basis for taxation controlled by other specialized services, those of the tax administration, for example.

9.2.5. Financial importance of the irregularities noted and communicated in accordance with Article 3

As regards the financial volume of the frauds, the amount is larger in the field of export refunds (11.1 M.u.a.) than in that of interventions (0.6 M u.a.), despite the fact that the number of cases of irregularities is higher in this latter field. (25 cases for refunds, as against 62 for interventions).

This is explained also by the fact that, in the field of refunds, the amounts at stake for a single operation are often very large. One of the cases reported, for example, concerns an amount of 7.7 M. u.a. As against this, the very high number of intervention operations on the internal market generally concern amounts which are much smaller per operation.

It should be noted that in 7 cases of fraud reported (2 refunds, 5 interventions) the amounts still have to be determined.

In the context of Article 8 of Regulation (EEC) No. 729/70 (see Sec. 9.1.1), it must be stressed that up to the present, with the exception of one case pending, it has never been necessary to consider the amounts paid as definitively lost.

Table No 26

Breakdown by sector of the cases of fraud noted by
the Member States and concerning the GUARANTEE SECTION
for the years 1971 - 1972 - 1973

Sector		1971		1972		1973 (x)		Total	
		number of cases	amount (u.a.)	number of cases	amount (u.a.)	number of cases	amount (u.a.)	number of cases	amount (u.a.)
Cereals	Ref.		-	-	-	1	259.264	1	259.264
	Int.		-	10	17.149	30	95.614	40	112.763
	Tot.		-	10	17.149	31	354.878	41	372.027
Milk products	Ref.	4	8.216.671	1	701.400	1 ^(xx)	240.000	6	9.158.071
	Int.	-	-	4	6.230	17	512.908	21	519.138
	Tot.	4	8.216.671	5	707.630	18	752.908	27	9.677.209
Pigmeat	Ref.	2	14.111		-	1	13.742	3	27.853
Eggs	Ref.	1	1.953		-		-	1	1.953
Poultry	Ref.	1	1.702		-	1	2.744	2	4.446
Beef and veal	Ref.		-	4	1.349.541	-	-	4	1.349.541
Sugar	Ref.		-		-	2	to be determined	2	to be determined
Oils and fats	Int.		-		-	1	1.383	1	1.383
Fruit and vegetables	Ref.		-	1	2.538		-	1	2.538
Products not listed in Annex II	Ref.	1	270.937	1	1.407	3	26.448	5	298.792
Total	Ref.	9	8.505.374	7	2.054.886	9	542.198	25	11.102.458
	Int.	-	-	14	23.379	48	609.905	62	633.284
General total		9	8.505.374	21	2.078.265	57	1.152.103	87	11.735.742
of which : recovered		5	8.009.459	13	662.990	19	538.138	37	9.210.587
in process of recovery		4	495.915	8	1.415.275	38	613.965	50	2.525.155

(x) Statements for the fourth quarter of 1973 have not yet come in from two Member States

(xx) For 5 cases, amounts not yet determined

9.3. The cases of irregularities in the Guidance Section

As in 1972, where the Guidance Section is concerned, the statements of cases of irregularities communicated by the Member States under the head of Article 3 of Regulation (EEC) No. 283/72 cover only the expenditures relating to the special measures. All the cases reported relate to premiums for the non-marketing of milk and milk products (Regulation (EEC) No. 1975/69) with the exception of one case which concerns premiums for grubbing-up fruit trees and amounts to 2 504 u.a.

Table No. 27

Reports concerning the years 1971, 1972 and 1973 for the Guidance Section

	1971	1972	1973	TOTAL
Number of cases reported	26	60	64	150
Total amount in u.a.	77.875	161.925	171.712	411.512
Cases settled by means of supplementary information	-	-	1	1
Amount concerned (u.a.)	-	-	1.950	1.950
Number of cases settled	21	40	17	78
Amount recovered (u.a.)	65.640	99.404	35.723	200.767
Number of cases pending	6	22	49	77 (1)
Amount to be recovered (u.a.)	12.235	62.521	134.039	208.795

(1) Six cases have been partially settled. It should be pointed out that the amounts shown in Table No 27 represent the premiums paid by the Member States, 50 % of which have to be reimbursed by the Fund.

The fact that only irregularities concerning the non-marketing of milk and milk products have been declared could be explained by the circumstance that, under Article 8 (2) of Regulation (EEC) 1975/69, the beneficiary is required to show before the payment of each annual instalment of the aid that he has respected his commitment as regards the non-delivery of milk and the keeping of the required number of cattle.

For the premiums for the slaughtering of 6 to 10 cows, Article 4 (2) of Regulation (EEC) No. 1975/69 provides for the payment of the second and final instalment of the aid 3 years after the first one, with the obligation on the farmer to show at this time that he has ceased all milk production.

As regards the premiums for the grubbing-up of fruit trees, Article 2 of Regulation (EEC) No. 2476/70 provides for a control of the commitment not to replant for five years after the grubbing-up.

According to these provisions non-compliance with the commitments subscribed to by the beneficiaries of the aid could thus be brought to the knowledge of the Commission only after three or five years.

In view of the fact that more than 50 000 farmers have received premiums for slaughtering cows and more than 40 000 for grubbing-up fruit trees, the services of the Commission have sent the group of experts responsible for examining problems concerning irregularities a document providing for them to receive information concerning the national supervisory procedures for these different measures.

9.4. Reinforcement of the fight against irregularities by the establishment of^a Special Committee of Inquiry

In October 1973 the Commission defined a new general orientation for controlling expenses and receipts of the Community. On that occasion it was equally preoccupied with the irregularities existing within the Guarantee Section of the EAGGF and decided on the creation of a Special Committee of Inquiry made up of high officials of the Commission and of the Member States. This had the task of analysing the known frauds as well as the arrangements applicable and the administrative rounds intervening in the administration of Community funds and in the application of Community provisions so as to eliminate, as far as possible, the possibility of frauds.

As the milk and milk products sector accounts for a third of the total EAGGF-Guarantee expenditure, the Committee as a priority, began a study of this sector. Basing itself on a series of working documents, in the form of questionnaires, prepared by the Commission the Committee on 29 November 1973 began an examination of the different financial measures of the EAGGF in this sector. The work was intensified in 1974 and a final report on the work was transmitted to the Council and the European Parliament in October 1974 (SEC (74) 3981 final).

A N N E X

Statistical tables and numerable information
concerning the Guarantee and Guidance Sections.

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ANNEX G I

ADVANCES AND AVAILABILITIES OF THE MEMBER STATES FOR THE FINANCIAL YEAR 1973

in u.a.

Date of decision	BELGIUM	DENMARK	GERMANY	FRANCE	IRELAND	ITALY	LUXEMBOURG	NETHERLANDS	UNITED KINGDOM	EEC TOTALS
19 January	2,800,000,-	17,000,000,-	41,000,000,-	87,000,000,-	7,800,000,-	100,000,000,-	184,000,-	27,000,000,-	7,500,000,-	290,284,000,-
27 February	15,000,000,-	16,500,000,-	56,000,000,-	94,000,000,-	6,300,000,-	32,000,000,-	130,000,-	38,500,000,-	9,300,000,-	267,730,000,-
23 March	13,000,000,-	14,000,000,-	47,000,000,-	85,000,000,-	5,700,000,-	100,000,000,-	140,000,-	54,000,000,-	10,500,000,-	329,340,000,-
13 April	15,500,000,-	33,000,000,-	88,000,000,-	140,000,000,-	4,800,000,-	80,000,000,-	250,000,-	49,000,000,-	-	410,550,000,-
24 April	15,700,000,-	-	-	-	-	-	-	-	-	15,700,000,-
18 May	20,000,000,-	45,000,000,-	70,000,000,-	110,000,000,-	900,000,-	65,000,000,-	4,000,000,-	93,000,000,-	-	407,900,000,-
13 June	-	-	-	47,000,000,-	-	-	-	-	-	47,000,000,-
21 June	19,000,000,-	26,000,000,-	55,000,000,-	140,000,000,-	6,900,000,-	53,000,000,-	100,000,-	49,000,000,-	19,500,000,-	368,500,000,-
2 July	-	-	-	-	12,000,000,-	-	-	-	-	12,000,000,-
24 July	18,000,000,-	43,500,000,-	65,000,000,-	71,000,000,-	8,700,000,-	34,000,000,-	-	56,000,000,-	15,000,000,-	311,200,000,-
24 August	17,000,000,-	34,100,000,-	58,600,000,-	76,300,000,-	10,500,000,-	-	-	27,700,000,-	22,800,000,-	247,000,000,-
26 September	1,900,000,-	2,500,000,-	2,400,000,-	5,800,000,-	960,000,-	31,700,000,-	-	2,000,000,-	1,650,000,-	48,910,000,-
26 September	11,500,000,-	20,000,000,-	69,000,000,-	83,000,000,-	8,100,000,-	48,500,000,-	220,000,-	54,000,000,-	21,000,000,-	315,320,000,-
18 October	-	-	-	29,700,000,-	-	-	-	-	-	29,700,000,-
23 October	18,000,000,-	28,000,000,-	60,000,000,-	80,000,000,-	3,700,000,-	-	300,000,-	48,000,000,-	25,200,000,-	263,200,000,-
29 November	13,450,000,-	13,500,000,-	40,000,000,-	35,850,000,-	9,000,000,-	-	130,000,-	22,800,000,-	12,000,000,-	146,730,000,-
17 December/11 January	-	2,395,000,-	1,900,000,-	6,400,000,-	1,455,000,-	-	-	-	7,500,000,-	19,650,000,-
Totals advanced	180,850,000,-	295,495,000,-	653,900,000,-	1,091,050,000,-	86,815,000,-	544,200,000,-	5,454,000,-	521,000,000,-	151,950,000,-	3,530,714,000,-
Sugar compensation, Italy						1,008,942,37				1,008,942,37
						545,208,942,37				3,531,722,942,37
Availabilities at 1.2.73	12,735,209,83	-	10,982,175,21	12,438,045,17	-	90,405,534,17	-48,005,41	4,953,998,07	-	131,466,957,04
Total availabilities	193,585,209,83	295,495,000,-	664,882,175,21	1,103,488,045,17	86,815,000,-	635,614,476,54	5,405,994,59	525,953,998,07	151,950,000,-	3,663,189,899,41

ANNEX G.II
AVAILABILITIES IN THE MEMBER STATES

in M. u.a.

Member State		February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Aver.
BELGIUM	A.	12,7											
	B.	2,8	15,0	28,7	15,5	20,0	19,0	18,0	18,9	11,5	18,0	13,4	16,4
	C.	15,5	15,8	31,1	28,1	23,3	19,8	18,1	20,3	13,2	16,2	16,5	19,8
	D.	14,7	13,4	18,5	24,8	22,5	19,7	16,7	18,6	15,0	13,1	16,1	17,6
	E.	0,8	2,4	12,6	3,3	0,8	0,1	1,4	1,7	- 1,8	3,1	0,4	2,3
DENMARK	A.	-											
	B.	17,0	16,5	14,0	33,0	45,0	26,0	43,5	36,6	20,0	28,0	15,9	26,9
	C.	17,0	25,6	15,8	29,8	38,6	22,9	24,6	34,9	32,0	30,8	19,8	26,5
	D.	7,9	23,8	19,0	36,2	41,7	41,8	26,3	22,9	29,2	26,9	19,7	26,9
	E.	9,1	1,8	- 3,2	- 6,4	- 3,1	-18,9	- 1,7	12,0	2,8	3,9	0,1	- 0,3
GERMANY	A.	11,0											
	B.	41,0	56,0	47,0	88,0	70,0	55,0	65,0	61,0	69,0	60,0	41,9	59,4
	C.	52,0	52,9	44,7	77,1	91,5	74,7	80,1	80,7	86,5	79,9	60,1	70,7
	D.	55,1	55,2	55,6	55,6	71,8	59,6	60,4	63,2	69,6	58,7	71,2	61,5
	E.	- 3,1	- 2,3	-10,9	21,5	19,7	15,1	19,7	17,5	17,5	16,9	18,2	-11,1
FRANCE	A.	12,4											
	B.	87,0	94,0	85,0	140,0	157,0	140,0	71,0	82,1	112,7	80,0	42,2	99,2
	C.	99,4	96,4	83,2	139,8	157,5	163,3	116,1	94,8	102,4	85,2	50,8	108,1
	D.	97,0	98,2	83,4	139,3	134,2	118,2	103,4	105,1	97,2	76,6	42,0	99,5
	E.	2,4	- 1,8	- 0,2	0,5	23,3	45,1	12,7	-10,3	5,2	8,6	8,8	8,6
IRELAND	A.	-											
	B.	7,8	6,3	5,7	4,8	0,9	18,9	8,7	11,5	8,1	3,7	10,4	7,9
	C.	7,8	11,8	13,5	14,7	7,4	15,9	17,7	29,0	16,5	10,9	10,5	14,2
	D.	2,3	4,0	3,6	8,2	10,4	6,9	10,2	10,6	9,3	10,8	12,6	8,1
	E.	5,5	7,8	9,9	6,5	- 3,0	9,0	7,5	8,4	7,2	0,1	- 2,1	5,2
ITALY	A.	90,4											
	B.	101,0	32,0	100,0	80,0	65,0	53,0	34,0	31,7	48,5	-	-	49,5
	C.	191,4	126,2	177,1	128,0	157,3	143,0	112,2	115,6	97,8	78,8	18,1	122,1
	D.	97,2	49,1	129,1	35,7	67,3	64,8	40,3	54,3	19,0	60,7	6,5	56,7
	E.	94,2	77,1	48,0	92,3	90,0	78,2	71,9	49,3	78,8	18,1	11,6	64,5
LUXEMBOURG	A.	- 0,05											
	B.	0,18	0,13	0,14	0,25	4,00	0,10	-	-	0,22	0,30	0,13	0,49
	C.	0,13	0,12	0,13	0,16	2,91	1,02	0,43	0,13	0,26	0,29	0,26	0,53
	D.	0,14	0,13	0,22	1,25	1,99	0,59	0,30	0,09	0,27	0,16	0,27	0,49
	E.	- 0,01	- 0,01	- 0,09	- 0,92	0,43	0,13	0,13	0,04	- 0,01	0,13	- 0,01	0,04
NETHERLANDS	A.	5,0											
	B.	27,0	38,5	54,0	49,0	93,0	49,0	56,0	29,7	54,0	48,0	22,8	47,4
	C.	32,0	29,5	35,3	40,8	66,7	66,0	69,0	47,6	55,2	56,7	28,9	48,0
	D.	41,0	48,2	43,5	67,1	49,7	53,0	51,1	46,4	46,5	50,6	33,2	48,2
	E.	- 9,0	-18,7	- 8,2	-26,3	17,0	13,0	17,9	1,2	8,7	6,1	- 4,3	- 0,2
UNITED KINGDOM	A.	-											
	B.	7,5	9,3	10,5	-	-	19,5	15,0	24,4	21,0	25,2	19,5	13,8
	C.	7,5	16,8	26,6	24,8	15,3	23,0	23,7	26,5	25,5	27,9	21,8	21,8
	D.	0,02	0,7	1,8	9,5	11,8	14,3	21,6	22,0	22,8	25,6	21,7	13,8
	E.	7,48	16,1	24,8	15,3	3,5	8,7	2,1	4,5	2,7	2,3	0,1	8,0

Notes

- A. Balance at 31.1.1972
- B. Advances for the month
- C. Total availabilities for the month
- D. Expenditures of the month
- E. Balance remaining available

The balances remaining available at the end of the month represent the difference between the amount available at the beginning of each month and the respective expenditures declared for that month to the Commission, without taking into account funds paid after the 20th of the month concerned in respect of the following month. This procedure explains why negative balances are shown at the end of the month for certain Member States.

ANNEX G.III
 DETAILS OF THE EXPENDITURE PAID OR DECLARED
 IN THE 1973 FINANCIAL YEAR

in m.u.a.

SECTOR AND HEADING	REFUNDS	INTERVENTIONS	TOTALS	% 1973	% 1972
<u>CEREALS</u>					
Export refunds	468,805				
Denaturing premiums		121,071			
Production refunds		167,527			
Aid to durum wheat		122,857			
Annual carry-over payments		29,989			
Storage		41,705			
Subsidies for fodder cereals imported into Italy		1,024			
Cereals total	468,805	484,173	952,978	26,04	40,76
<u>RICE</u>					
Export refunds	10,461				
Interventions		0,733			
Rice total	10,461	0,733	11,194	0,31	2,06
<u>MILK AND MILK PRODUCTS</u>					
Export refunds	328,097				
Aid to skim milk for animal feed		349,256			
Aid to skim milk processed into casein		57,168			
Storage of skim milk powder		1,195			
Storage of cheese					
Storage of butter		651,749			
Food aid - milk powder		28,717			
Food aid - butter		27,548			
Aid to butter consumption		14,768			
Total milk and milk products	328,097	1.130,401	1.458,498	39,85	24,96

ANNEX G.III (Contd.)

SECTOR AND HEADING	REFUNDS	INTERVENTIONS	TOTALS	% 1973	% 1972
<u>EGGS AND POULTRY</u>					
Export refunds - eggs	3,688				
Export refunds - poultry	17,764				
Total eggs and poultry	21,452		21,452	0,59	0,56
<u>FRUIT AND VEGETABLES</u>					
Export refunds on fresh fruit and vegetables	25,123				
Export refunds on processed products	0,631				
Financial compensation and purchases		5,386			
Special measures		3,238			
Other interventions		0,112			
Total fruit and vegetables	25,754	8,736	34,490	0,94	2,53
<u>WINE</u>					
Export refunds	0,416				
Aid to private storage		6,594			
Other interventions		2,109			
Obligatory distillation of the by-products of wine-making		2,642			
Total wine	0,416	11,345	11,761	0,32	2,33
<u>TOBACCO</u>					
Export refunds					
Premiums to encourage selection		115,724			
Storage		2,545			
Total tobacco		118,269	118,269	3,23	4,17

ANNEX G.III (Contd.)

SECTOR AND HEADING	REFUNDS	INTERVENTIONS	TOTALS	% 1973	% 1972
<u>OILS AND FATS</u>					
Export refunds - olive oil	0,780				
Aid to the production of olive oil		280,575			
Other interventions - olive oil		0,001			
Export refunds - oilseeds	1,748				
Aid to the production of oilseeds		79,713			
Other interventions - oilseeds		- 0,008			
Other expenditure		0,180			
Total oils and fats	2,528	360,461	362,989	9,92	11,95
<u>SUGAR</u>					
Export refunds	51,571				
Denaturing premiums		2,716			
Refunds for use in the chemicals industry		3,272			
Reimbursement of storage expenses		69,995			
Public storage		- 2,449			
Aid to refining (French Overseas Departments)		1,967			
Total sugar	51,571	75,501	127,072	3,47	6,59
<u>BEEF AND VEAL</u>					
Export refunds	2,660				
Interventions		13,430			
Total beef and veal	2,660	13,430	16,090	0,44	0,33
<u>PIGMEAT</u>					
Export refunds	90,595				
Interventions					
Total pigmeat	90,595		90,595	2,48	2,27

ANNEX G.III (Contd.)

SECTOR AND HEADING	REFUNDS	INTERVENTIONS	TOTALS	% 1973	% 1972
<u>FISHERIES</u>					
Export refunds	0,574				
Financial compensation and purchases		0,615			
Total fisheries	0,574	0,615	1,189	0,03	0,05
<u>FLAX AND HEMP</u>					
Export refunds					
Interventions		5,499			
Total flax and hemp		5,499	5,499	0,15	0,47
<u>SEEDS</u>					
Export refunds					
Interventions		14,292			
Total seeds		14,292	14,292	0,39	0,02
HOPS		4,658	4,658	0,13	
SILKWORMS		0,315	0,315	0,01	
<u>PRODUCTS NOT INCLUDED IN ANNEX II</u>					
Export refunds	23,692				
Interventions					
TOTAL PRODUCTS NOT INCLUDED IN ANNEX II	23,692		23,692	0,64	0,97
COMPENSATORY AMOUNTS		404,578			
TOTAL MONETARY AND ACCESSION COMPENSATORY AMOUNTS			404,578	11,06	0,02
TOTALS	1.026,605	2.633,006	3.659,611	100	100

ANNEX G.IV

R = refunds

Detail of expenditure by Member State and by product groups

I = interventions

m.u.a.

sector	country										
		BELGIUM	DENMARK	GERMANY	FRANCE	IRELAND	ITALY	LUXEMBOURG	NETHER- LANDS	UNITED KINGDOM	EEC
Cereals	R	42,078	4,972	76,230	272,159	0,355	42,199	-	24,747	6,061	468,801
	I	18,917	3,524	120,810	130,416	1,372	95,730	0,189	63,276	49,938	484,172
Rice	R	0,182	-	0,217	0,032	-	9,933	-	0,097	-	10,461
	I	0,045	-	0,009	0,028	-	0,638	-	0,013	-	0,733
Milk and milk products	R	26,587	40,107	31,815	66,583	24,406	6,238	0,176	127,327	4,857	328,096
	I	80,521	66,075	382,642	377,758	17,445	43,679	5,159	124,245	32,876	1.130,400
Olive oil	R	-	-	-	0,042	-	0,746	-	-	0,002	0,780
	I	-	-	-	0,699	-	279,877	-	-	-	280,576
Oilseeds	R	-	0,001	0,012	1,671	-	-	-	0,065	-	1,749
	I	0,034	0,568	9,449	34,190	-	32,932	-	2,127	0,585	79,285
Sugar	R	7,035	4,312	7,254	32,892	-	-	-	0,078	-	51,571
	I	5,374	2,152	20,545	24,098	0,852	10,270	-	7,323	4,485	75,499
Beef and veal	R	0,067	0,196	0,384	1,828	0,007	0,005	-	0,169	0,003	2,659
	I	-	-	12,290	0,123	1,017	-	-	-	-	13,430
Pigmeat, eggs and poultry	R	3,789	48,551	8,052	6,772	0,031	3,809	-	40,869	0,173	112,046
	I	-	-	-	-	-	-	-	-	-	-
Fruit and vegetables	R	0,070	0,391	0,056	1,975	0,002	23,057	-	0,158	0,046	25,755
	I	0,084	-	0,069	2,589	-	4,942	-	1,052	0,001	8,737
Wine	R	-	-	0,202	0,214	-	-	-	-	-	0,416
	I	-	-	-	2,657	-	8,688	-	-	-	11,345
Tobacco	I	1,528	-	11,910	42,801	-	62,030	-	-	-	118,269
Fisheries	R	0,156	-	0,131	0,169	-	-	-	-	0,118	0,574
	I	0,038	-	0,007	0,336	-	-	-	0,234	-	0,615
Seeds	I	0,083	5,304	2,084	1,931	0,204	-	0,003	2,247	2,436	14,292
Flax and hemp, hops, silkworms	I	1,963	0,005	3,942	3,356	-	0,459	-	0,748	-	10,473
Non Annex II	R	1,547	3,383	2,571	2,489	1,500	2,604	0,009	8,882	0,707	23,692
Accession Compensatory Amounts	I	4,813	87,025	5,005	46,176	41,228	-	-	80,063	-	264,310
Monetary Compensatory Amounts	I	- 1,797	28,820	-20,150	40,736	0,497	- 3,822	- 0,120	46,588	49,516	140,268
Total refunds		81,511	101,913	126,924	386,816	26,301	88,591	0,185	202,392	11,967	1.026,600
Total interventions		111,603	193,473	549,012	707,894	62,615	535,423	5,231	327,916	139,837	2.633,004
Total general		193,114	295,386	675,936	1.094,710	88,916	624,014	5,416	530,308	151,804	3.660,604

ANNEX G.V

Breakdown of expenditure for the financial year 1973 by sector following the economic nature of the measures

SECTOR	TOTAL EXPENDITURE	Breakdown following the economic nature of the operation					Misc.
		Export refunds	Storage in the strict sense	Withdrawals from the market and similar operations	Price compensation aids	Food aid	
A.							
Cereals							
Rice	953,0	468,8	71,7 (1)	-	412,5 (2)	-	
Milk products	11,2	10,5	0,1	-	0,6	-	
Oils and fats	1.458,5	744,5 (3)	113,3	-	544,5 (4)	56,2	
- olive oil	281,4	0,8	-	-	280,6	-	
- oilseeds	81,4	1,7	-	-	79,7	-	
- cottonseeds	0,2	-	-	-	0,2	-	
Sugar	127,1	51,6	67,6	-	7,9 (5)	-	
Beef and veal	16,1	2,7	13,4	-	-	-	
Pigmeat	90,6	90,6	-	-	-	-	
Eggs and poultry	21,4	21,4	-	-	-	-	
Fruit and vegetables	34,5	25,7	-	5,5	3,3 (6)	-	
Wine	11,8	0,4	6,7 (7)	2,2 (8)	2,6 (9)	-	
Tobacco	118,2	-	2,5	-	115,7	-	
Fischeries	1,2	0,6	-	0,6	-	-	
Flax and hemp	5,5	-	-	-	5,5	-	
Seeds	14,3	-	-	-	14,3	-	
Hops	4,6	-	-	-	4,6	-	
Silkworms	0,3	-	-	-	0,3	-	
Other products	-	-	-	-	-	-	
Products outside Annex II	23,7	23,7	-	-	-	-	
Total A	3.255,0	1.443,0	275,3	8,2	1.472,3	56,2	
%	100,00	44,33	8,46	0,25	45,23	1,73	
B.							
Accession compensatory amounts - intra-Community trade	264,3				264,3		
C.							
Monetary compensatory amounts - intra-Community trade	140,3				140,3		
Total A + B + C	3.659,6	1.443,0	275,3	8,2	1.876,9	56,2	
%	100,00	39,43	7,52	0,12	51,29	1,54	

100

- (1) Including end-of-season compensation (about 30 M. u.a.)
- (2) Aid to durum wheat (122.8 M. u.a.) + production refunds for starch (167 M. u.a.) + premiums for denaturing or incorporation of bread-making cereals into cattle feed (121.1 M. u.a.) + subsidies for the import of fodder cereals into Italy (1.0 M. u.a.)
- (3) Refunds in the strict sense (328.1 M. u.a.) + expenses for the export of ghee from intervention stocks (about 124 M. u.a. for 85 811 T.) + expenses for the export of butter from intervention stocks as a consequence of special marketing measures (about 292.4 M. u.a. for 200 000 T.)
- (4) Aid to casein (57.1 M. u.a.) + aid to butter consumption of 100 u.a./t., of which 50 % is financed by the EAGGF, Guarantee Section (14.8 M. u.a.) + aid to skim milk (liquid and powder) used for animal feed (349.2 M. u.a.) + aids to the utilization of butter under certain conditions on the internal market (about 123 M. u.a. for approximately 154 000 T.)
- (5) Refund on utilization in the chemicals industry (3.2 M. u.a.) + aid to utilization in the feed of bees (2.7 M. u.a.) + subsidy to the refining of sugar produced in the Overseas Departments (2 M. u.a.)
- (6) Special measures for the promotion of Community citrus fruits, the processing of certain varieties of oranges (3.2 M. u.a.) + aids for the free distribution of products withdrawn from the market (0.1 M. u.a.)
- (7) Aid to private storage
- (8) Distillation of wine
- (9) Distillation of the by-products of wine-making.

Annex G.VI : Development of the expenditures of the Guarantee Section of the EAGGF,
by sector

		(m.u.a.)			
Sectors		1970	1971	1972 ¹⁾	1973 ¹⁾
a		b	c	d	e
Main sectors	Cereals and rice	952	524	958	1.041
	Milk products	993	566	574	1.497
	Oils and fats	281	113	336	369
	Sugar	193	110	152	137
	Total A	2.419	1.313	2.020	3.044
Other sectors	Beef and veal	31	19	7	17
	Pigmeat	43	52	50	97
	Eggs and poultry	17	12	12	23
	Fruit and vegetables	58	54	61	35
	Wine	-	28	58	12
	Tobacco	6	74	88	130
	Fisheries	-	p.m.	1	1
	Miscellaneous products : flax and hemp, seeds, hops, silkworms	5	1	11	26
	Products outside of Annex II	25	18	21	26
Total B	185	258	309	367	
Compensatory amounts	monetary	-	-	-	140
	accession	-	-	-	264
	Total C	-	-	-	404
Grand total A + B + C		2.604	1.571	2.329	3.815

(1) The figures in columns d and e concern the calendar years 1972 and 1973 and not the budget years

ANNEX G.VII

Levies by virtue of the Common Agricultural Policy, by sector (1)

(m.u.a.)

Nature of agricultural levy	1968	1969	1970	1971	1972	1973
a	b	c	d	e	f	g
<u>Levies (2) :</u>						
- Cereals	640	575	550	480	500	336
- Rice	6	11	15	20	20	14
- Milk products	30	35	25	25	30	20
- Beef and veal	65	80	70	25	5	10
- Pigmeat	45	50	35	35	45	30
- Eggs and poultry	15	15	10	5	13	7
- Other sectors	9	10	7	5	5	30
Total levies	810	76	711	595	618	447
Sugar levies	16	116	138	109	181	104
General total	826	892	850	704	799	551

(1) Not including customs duties but taking account of monetary and Accession Compensatory amounts

(2) The breakdown by sector is approximative, the Member States have not always provided a breakdown of levies

ANNEX O.I

UTILIZATION OF AVAILABLE CREDITSSituation at 31.12.1973 (in u.s.)

	Credits entered or re-entered	Credits not committed and carried forward by the Council of Ministers	Available credits	Available credits committed of which :		Credits not committed of which :	
				Projects	Common measures special measures	cancelled	carried forward by the Council of Ministers
<u>1965 Budget</u>							
- Year 1964	9.057.000	-	9.057.000	9.056.922 ⁽¹⁾	-	78	-
- Year 1965	16.617.000	-	16.617.000	-	-	16.617.000	-
- Total	25.674.000	-	25.674.000	9.056.922	-	16.617.078	-
<u>1966 Budget</u>							
- Year 1965	16.617.000	517.440	17.134.440	17.134.258 ⁽²⁾	-	182	-
- Year 1966	58.561.000	-	58.561.000	-	-	58.561.000	-
Total	75.178.000	517.440	75.695.440	17.134.258	-	58.561.182	-
<u>1967 Budget</u>							
- Year 1966	54.308.000	279.676	54.587.676	41.586.875 ⁽³⁾	5.000.000 ⁽⁴⁾	801	8.000.000
- Year 1967	80.040.000	-	80.040.000	-	50.000.000 ⁽⁵⁾	30.040.000	-
Total	134.348.000	279.676	134.627.676	41.586.875	55.000.000	30.040.801	8.000.000
<u>1968 Budget</u>							
- Year 1966	-	8.000.000	8.000.000	-	8.000.000 ⁽⁶⁾	-	-
- Year 1967	30.040.000	-	30.040.000	26.039.369 ⁽⁷⁾	4.000.000 ⁽⁸⁾	-	631
- Year 1968	123.460.000	-	123.460.000	34.114.667 ⁽⁹⁾	24.000.000 ⁽¹⁰⁾	65.227.524	117.809
Total	153.500.000	8.000.000	161.500.000	60.154.036	36.000.000	65.227.524	118.440
<u>1969 Budget</u>							
- Year 1968	65.227.524	118.440	65.345.964	60.782.708 ⁽¹¹⁾	3.931.253 ⁽¹²⁾	632.003	-
- Year 1969	285.000.000	-	285.000.000	8.472.837 ⁽¹³⁾	37.969.486 ⁽¹⁴⁾	238.557.677	-
Total	350.227.524	118.440	350.345.964	69.255.545	41.900.739	239.189.680	-
<u>1970 Budget</u>							
- Year 1968	632.003	-	632.003	-	620.798 ⁽¹⁵⁾	-	-
- Year 1969	238.557.677	-	238.557.677	151.527.163 ⁽¹⁶⁾	2.242.301 ⁽¹⁷⁾	84.799.418	-
- Year 1970	285.000.000	-	285.000.000	-	39.448.124 ⁽¹⁸⁾	245.531.099	20.777
Total	524.189.680	-	524.189.680	151.527.163	42.311.223	330.330.517	20.777
<u>1971 Budget</u>							
- Year 1969	84.799.418	-	84.799.418	-	-	84.799.418	-
- Year 1970	245.531.099	20.777	245.551.876	159.999.497 ⁽¹⁹⁾	1.746.326 ⁽²⁰⁾	83.751.882	54.171
- Year 1971	427.500.000	-	427.500.000	-	37.491.812 ⁽²¹⁾	386.000.000	4.008.188
Total	757.830.517	20.777	757.851.294	159.999.497	39.238.138	554.551.300	4.062.359

	Credits entered or re-entered	Credits not committed and carried forward by the Council of Ministers	Available credits	Credits committed of which :		Credits not committed of which	
				Projects	Common measures special measures	cancelled	carried forward by the Council of Ministers
<u>1972 Budget</u>							
- Year 1969	84.799.418	-	84.799.418	-	-	84.799.418	-
- Year 1970	83.751.382	54.171	83.806.053	-	54.171	83.428.882	323.000
- Year 1971	386.000.000	4.008.188	390.008.188	199.943.145,78	4.399.091 ⁽²³⁾	185.042.854,22	623.097
- Year 1972	285.000.000	-	285.000.000	-	5.370.816 ⁽²⁴⁾	110.170.000	169.459.184
Total	839.551.300	4.062.359	843.613.659	199.943.145,78	9.824.078	463.441.154,22	170.405.281
<u>1973 Budget</u>							
- Year 1969	84.799.418	-	84.799.418	-	62.219 ⁽²⁶⁾	84.880.199	-
- Year 1970	83.428.882	323.000	83.751.882	-	127.353 ⁽²⁶⁾	83.481.529	-
- Year 1971	184.986.000 ⁽²⁵⁾	623.097	185.609.097	-	491.413 ⁽²⁷⁾	185.117.684	-
- Year 1972	110.170.000	169.459.184	279.629.184	149.998.247,46 ⁽²⁵⁾	11.782.896 ⁽²⁸⁾	117.848.040	-
- Year 1973	325.000.000	-	325.000.000	-	6.613.999 ⁽²⁹⁾	142.200.000	176.186.001
Total	788.384.300	170.405.281	958.789.581	149.998.247,46	19.077.880	613.527.452	176.186.001
<u>1974 Budget</u>							
- Year 1969	84.880.199	-	84.880.199				
- Year 1970	83.481.529	-	83.481.529				
- Year 1971	185.117.684	-	185.117.684				
- Year 1972	117.846.288	-	117.846.288				
- Year 1973	142.200.000	176.186.001	318.386.001				
- Year 1974	325.000.000	-	325.000.000				
Total	938.525.700	176.186.001	1.114.711.701⁽³⁰⁾				

Total amount of credits committed up to 31.12.1973 : 1.102.007.747,24
of which projects : 858.655.689,24
common actions/special measures : 243.352.058

See footnotes on the following page

Footnotes to Annex O.I

The amounts shown in the attached table concerns :

- 1) 57 projects from the year 1964. Commission Decision of 14.10.1965
- 2) 97 projects from the year 1965. Commission Decision of 19.7.1966
- 3) 254 projects from the year 1966. Commission Decision of 27.7.1967
- 4) 29 projects concerning repair of the damage caused by the floods in Italy. Reg. 206/66. Commission Decision of 2.10.1967
- 5) - 5 M. u.a. idem (4)
- 45 M. u.a. for the benefit of Italy in favour of fruit and vegetables and also olives and olive oil (Reg. 130/66, Article 4). Commission Decision of 5.7.1967
- 6) - 8 M. u.a. for the benefit of Italy in favour of olives and olive oil (Reg. 130/68, Article 13). Commission Decision of 29.2.1968
- 7) 152 projects for the year 1967. Commission Decision of 15.3.1968
- 8) Enquiries into the structure of farms in accordance with Regulation 70/66 EEC. Commission Decision of 18.12.1968
- 9) 161 projects of the year 1968 (instalment I). Commission Decision of 18.12.1968
- 10) - 4 M. u.a. idem (8)
- 20 M. u.a. for the benefit of Italy in favour of fruit and vegetables for the period 1966/67 (Article 12, (4) of Regulation 159/66/EEC). Commission Decision of 16.10.1968
- 11) 277 projects of the year 1968 (instalments IA and II). Commission Decisions of 5.2.1969 and 23.7.1969
- 12) - 3 043 253 u.a. for the benefit of Italy to reimburse expenditures incurred for the making good of the damage caused by African swine-fever in 1967 (Regulation 349/68). Commission Decision of 29.4.1969
- 880 000 u.a. for the enquiries into the pig population carried out by the Member States (Reg. 350/68). Commission Decisions of 17.7.1969 and 11.11.1969

Footnotes to Annex O.I (Contd)

- 13) 34 projects of the year 1969 (instalment I). Commission Decision of 29.10.1969
- 14) - 22 969 486 u.a. for the benefit of Italy in favour of fruit and vegetables for the period 1967/68 (Article 12 (4) of Reg. 159/66/EEC). Commission Decision of 22.12.1969
- 15 000 000 u.a. for the benefit of Italy in favour of raw tobacco (Article 12 (1) of Reg. 130/66/EEC). Commission Decision of 22.12.1969
- 15) - 200.000 u.a. for the benefit of Germany as reimbursement for the aids granted to producer organizations of fruit and vegetables during the years 1967 and 1968 (Article 12 (3) of Reg. 159/66/EEC). Commission Decision of 21.12.70
- 312.000 u.a. for the enquiries into the pig population carried out by Italy (Reg. 350/68). Commission Decision of 16.2.70
- 108 798 u.a. for the benefit of Italy in reimbursement of the expenses for research into swine-fever (Reg. 349/68). Commission Decision of 3.12.1970
- 16) 629 projects of the year 1969 (Instalments II, III and IV). Commission Decisions of 2.3.1970, 1.7.1970 and 27.10.1970
- 17) - 1.042.301 u.a. idem (15) 1st inset
- 1.200.000 u.a. for enquiries into the pig population carried out by Member States (Reg. 350/68). Commission Decisions of 4.6.1970 and 4.12.1970
- 18) - 7.5 M. u.a. for the benefit of the Grand Duchy of Luxembourg to carry out actions to complete the integration of Luxembourg agriculture into the Common Market (Reg.541/70) Commission Decision of 12.10.1970
- 31.948.124 u.a. for the benefit of Italy in favour of fruit and vegetables for the period 1968/69 (Article 12 (4) of Reg. 159/66/EEC. Commission Decision of 22.12.1970
- 19) 766 projects from the year 1970 (instalments I, II and III). Commission Decisions of 10.3.1971, 12.7.1971 and 22.12.1971

Footnotes to Annex O.I (Contd)

- 20) - 1.200.000 u.a. for enquiries into the pig population carried out by Member States (Reg. 350/68). Commission Decisions of 14.6.1971 and 17.12.1971
- 546.326 u.a. for the benefit of Germany as reimbursement of the aids granted to producer organizations of fruit and vegetables during the year 1969 (Article 12 (3) of Reg. 159/66/EEC). Commission Decision of 21.12.1971
- 21) - 24.773.340 u.a. paid to Member States (of which 14.225.500 u.a. to Germany, 2.065.930 u.a. to Belgium, 7.216.577 u.a. to France, 81.983 to Luxembourg and 1.153.350 to the Netherlands) as reimbursement for the premiums paid in 1970 for the slaughtering of cows and non-marketing of milk and milk products (Reg. 1975/69). Commission Decisions of 17.12.1971 and 22.12.1971
- 336.543 u.a. for the benefit of Germany as reimbursement of the premiums paid in 1970 for the grubbing-up of fruit trees (Reg. 2517/69). Commission Decision of 21.12.1971
- 12.381.929 u.a. for the benefit of Italy in favour of fruit and vegetables, under the "second semester 1969" (Article 12 (4) of Reg. 159/66/EEC). Commission Decision of 21.12.71
- 22) 723 projects from the year 1971 (instalments I, II and III). Commission Decisions of 21.6.1972, 26.7.1972 and 22.12.1972
- 23) - 1.505.344 u.a. for the benefit of Germany as final reimbursement of the premiums paid in 1970 for the slaughtering of cows and the non-marketing of milk and dairy products (Reg. 1975/69). Commission Decision of 18.7.1972
- 2.557.015 u.a. paid to Member States as reimbursement for the premiums paid in 1970 for the grubbing-up of fruit trees (Reg. 2517/69), of which 1.206.266 u.a. for Belgium (Commission Decision of 18.7.1972), 1.156.813 u.a. to the Netherlands (Commission Decision of 22.12.1972), and 193.936 u.a. (out of 371.855 u.a.) for France (Commission Decision of 22.11.1972) the balance of 177.919 u.a. being charged against the credits of the 1972 financial year (See footnote 24)

Footnotes to Annex O.I (Contd)

- 390.903 u.a. for the benefit of Italy as reimbursement of aids granted in 1970 to producer organizations of fruit and vegetables (Article 12 (3) of Reg. 159/66/EEC). Commission Decision of 18.7.1972
- 24) - 4.833.539 u.a. paid to the Member States as reimbursement for premiums paid in 1971 for the grubbing-up of fruit trees (Reg. 2517/69), of which :
 - 4.806.544 u.a. for the benefit of Germany (Commission Decision of 22.12.1972)
 - 26.995 u.a. for Luxembourg (Commission Decision of 22.11.1972)
- 177.919 u.a. for the benefit of France in connection with the payment of 371.855 u.a. on grubbing-up premiums in 1970 (see footnote 23)
- 359.358 u.a. paid to Member States as reimbursement for premiums paid in 1971 for the slaughtering of cows and the non-marketing of milk and milk products (Reg. 1975/69), of which :
 - for Belgium : 336.846 u.a. (Commission Decision of 22.11.1972)
 - for Luxembourg : 22.512 u.a. (Commission Decision of 22.11.1972)
- 25) 429 projects from the year 1972 (instalments I and II). Commission Decisions of 6.6.1973 and 31.10.1973
- 26) - 189.572 u.a. for the benefit of France as reimbursement of aids granted in 1967 - 68 - 69 to producer organizations of fruit and vegetables (Article 36 (2) of Reg. 1035/72/EEC). Commission Decision of 21.12.1973
- 27) - 491.413 u.a. paid to Member States as reimbursement for aids granted in 1970 to producer organizations of fruit and vegetables (Article 36 (2) of Reg. 1035/72/EEC) of which 120.870 u.a. for France and 370.543 u.a. for Germany (Commission Decision of 21.12.1973)

Footnotes to Annex O.I (Contd)

- 28) - 6.911.542 u.a. paid to Member States as reimbursement for premiums paid in 1971 for the grubbing-up of fruit trees (Reg. 2517/69), of which 4.757.046 u.a. for France (Commission Decision of 4.10.1973), 855.439 for Belgium (Commission Decision of 12.3.1973) and 1.299.057 u.a. for the Netherlands (Commission Decision of 21.12.1973)
- 3.122.645 u.a. paid to Member States as reimbursement of premiums paid in 1971 for the slaughter of cows and the non-marketing of milk and milk products (Reg. 1975/69), of which 2.861.558 u.a. for Germany (Commission Decision of 5.10.1973) and 260.487 u.a. for the Netherlands (Commission Decision of 9.11.1973)
 - 1.749.309 u.a. paid to Member States as reimbursement for aids granted in 1971 to producer organizations of fruit and vegetables (Article 36 (2) of Reg. 1035/72/EEC), of which 245.255 u.a. for Germany (Commission Decision of 21.12.1973) and 1.504.054 u.a. for Italy (Commission Decision of 21.12.1973)
- 29) - 3.417.771 u.a. paid to Member States as reimbursement for premiums paid in 1972 for the grubbing-up of fruit trees (Reg. 2517/69), of which 1.831.677 u.a. to Germany (Commission Decision of 12.11.1973), 831.161 u.a. for Belgium (Commission Decision of 12.11.1973), 24.477 u.a. for the Grand Duchy of Luxembourg (Commission Decision of 12.11.1973), and 730.456 u.a. for the Netherlands (Commission Decision of 21.12.1973)
- 1.133.764 u.a. paid to Member States as reimbursement for premiums paid in 1972 for the slaughtering of cows and the non-marketing of milk and milk products (Reg. 1975/69), of which 1.124.202 u.a. for Germany (Commission Decision of 21.12.1973) and 9.562 u.a. for the Grand Duchy of Luxembourg (Commission Decision of 9.11.1973)
 - 246.000 u.a. paid to Member States for the fruit trees enquiry (Dir. 71/286) carried out by them (Commission Decision of 21.12.1973)

Footnotes to Annex O.I (Contd)

- 1.816.464 u.a. grant of aid for 2 factory trawlers and a deep-freeze Seiner boat for tunny in France (Reg. 2722/72/EEC)
(Commission Decision of 20.12.1973)

- 30) Including 538.525.700 u.a. reserved under the head of the years 1969 to 1973 for the financing of the common measures within the meaning of Article 8 of Reg. 729/70 and 75.000.000 u.a. earmarked under the head of the years 1972 and 1973 for Community financing of development operations in the priority agricultural regions (Council Resolution of 21 March 1972).

ANNEX O.11

Situation at 31.12.1973 of credits committed and payments made (years 1964/1973) in u.a.

Years	Credits committed		Payments made		Commitments cancelled		Commitments not settled		Credits not committed and to be carried forward		
	Projects	Special measures Common actions	Projects	Special measures Common actions	Projects	Special measures Common actions	Projects	Special measures Common actions	Projects	Special measures Common actions	Reserve
1964	9,056,922	-	7,594,839	-	1,462,083	-	-	-	-	-	-
1965	17,134,258	-	12,565,098	-	3,387,632	-	1,181,528	-	-	-	-
1966	41,586,875	13,000,000	27,852,280,50	13,000,000	8,450,472,50	-	5,284,122	-	-	-	-
1967	26,039,369	54,000,000	17,004,742	51,871,206	1,836,468	2,128,794	7,198,159	-	-	-	-
1968	94,897,375	28,552,051	47,718,768	27,858,970,94	6,713,537	693,080,06	40,465,070	-	-	-	-
1969	160,000,000	40,274,006	64,569,097	40,274,006	1,750,175	-	93,680,728	-	-	-	84,880,199
1970	159,999,497	41,375,974	44,116,425	41,375,974	632,747	-	115,250,325	-	-	-	83,481,529
1971	199,943,145,78	42,382,316	31,510,246,37	42,382,316	83,895,30	-	168,349,004,11	-	-	-	185,117,684
TOTAL 1964 - 71	708,657,441,78	219,584,347	252,931,495,87	216,762,472,94	24,317,009,80	2,821,874,06	431,408,936,11	-	-	-	353,479,412
1972	149,998,247,46	17,153,712	3,435,061,56	17,153,712	30,373,06	-	146,532,812,84	-	-	-	92,846,288
1973	-	6,613,999	-	4,797,535	-	-	-	1,816,464	170,000,000	6,186,001	92,200,000
TOTAL 1972-73	149,998,247,46	23,767,711	3,435,061,56	21,951,247	30,373,06	-	146,532,812,84	1,816,464	170,000,000	6,186,001	185,046,288
TOTAL GENERAL	858,655,689,24	243,352,058	256,366,557,43	238,713,719,94	24,347,382,86	2,821,874,06	577,941,748,95	1,816,464	170,000,000	6,186,001	538,525,700

Annex O.III

EAGGF, Guidance Section

Contributions of the Member States (in u.a.) to the aids granted
in the years 1964 to 1971

Year	Amount committed	Basis of calculation for the contributions	Amount called
1964	9.056.922	9.574.362 (1) - 1.278.980 (3)	9.574.362 - 1.268.980 (3)
1965	17.134.258	16.896.494 (2) - 3.177.127 (3)	16.896.494 - 3.177.127 (3)
1966	54.586.875	54.307.199 - 1.240.260 (3)	54.307.199 - 1.240.260 (3)
1967	80.039.369	80.039.369 - 2.074.007 (3)	80.039.369 - 2.074.007 (3)
1968	123.449.426	123.449.426 - 1.028.360 (3)	123.449.426 - 1.028.360 (3)
1969	200.274.006	200.211.787 - 354.919 (3)	200.211.787 - 354.919 (3)
1970	201.375.471	285.000.000 - reserves - 130.416 (3)	50.037.126,08 - - 130.416 (3)
1971	242.325.461	427.500.000 - reserves	-
	928.241.788		525.241.694,08

- (1) Amount available in accordance with the one-third rule. The difference between this amount and the amount committed (517 440 u.a.) was committed in 1965.
- (2) Amount available in accordance with the one-third rule and of which 279 676 u.a. was committed under the head of 1966.
- (3) Amounts returned to the Member States because of the cancellation of aids.

ANNEX O.IV

Payments made in 1973 for individual projects

YEARS	GERMANY	BELGIUM	FRANCE	ITALY	LUXENBOURG	NETHERLANDS	TOTAL
1964	-	-	-	-	-	-	-
1965	199.621	-	1.186	377.222	-	-	578.029
1966	757.061	117.297	1.152.362	1.401.289	49.781	184.154	3.661.944
1967	996.787	276.634	228.704	1.491.261	-	36.300	3.029.686
1968 1st Inst.	703.575	201.588	2.593.951	1.749.211	-	420.194	5.668.519
1968 1 and 2	2.374.298	219.820	1.999.760	2.279.764	-	314.700	7.186.342
1969 1st Inst.	786.367	81.636	63.016	365.323	-	149.268	1.445.610
1969 2,3,4	10.764.742	1.542.272	5.918.370	4.113.601	-	1.941.525	24.283.510
1970	13.409.776	648.265	7.735.156	347.362	54.343	3.656.405	25.851.307
1971	15.975.052,57	2.818.865,52	7.327.768,75	452.592,80	112.229,84	4.344.379,45	31.030.888,93
1972	1.292.845,68	141.139,52	2.001.076,36	-	-	-	3.435.061,56
	47.260.125,25	6.047.517,04	29.021.350,11	12.575.625,80	216.353,84	11.049.925,45	106.170.897,49

ANNEX O.V

Payments made in 1973 for common measures and
special measures broken down by Member States (in u.a.)

	GERMANY	BELGIUM	FRANCE	ITALY	LUXEMBOURG	NETHERLANDS	TOTAL
<u>COMMON ACTIONS</u>							
Fruit trees enquiry Dir. 71/286	-	15.000	196.000	-	-	35.000	246.000
Total common actions	-	15.000	196.000	-	-	35.000	246.000
<u>SPECIAL MEASURES</u>							
Floods Reg. 206/66				301.646			301.646
Aid to producer ^{groups} of fruit and vegetables Article 36 (2) Reg. 1035/72	615.798	-	310.442	1.504.054	-	-	2.430.294
Slaughter of cows Reg. 1975/69	3.985.760	-	-	-	9.562	260.487	4.255.809
Grubbing-up of fruit trees Reg. 2517/69	1.831.677	1.686.600	4.757.046	-	24.477	2.029.513	10.329.313
Total special measures	6.433.235	1.686.600	5.067.488	1.805.700	34.039	2.290.000	17.317.062
<u>TOTAL COMMON ACTIONS AND SPECIAL MEASURES</u>	6.433.235	1.701.600	5.263.488	1.805.700	34.039	2.325.000	17.563.062

ANNEX O.VI

PAYMENTS MADE AND CREDITS TO BE CARRIED FORWARD (in u.a.)

Position at 31/12/1973

Commitments entered in accounts in	In respect of	Credits committed up to 31/12/72	Payments made up to 31/12/73	Credits cancelled	Credits to be cancelled	Credits to be carried forward	
						Automatic	Council of Ministers
1965	- 57 projects from 1964	9.056.922	7.594.839	1.268.980	193.103	-	-
1966	- 97 projects from 1965	17.134.258	12.565.098	3.177.127	210.505	-	1.181.528
1967	- 254 projects from 1966	41.586.875	27.852.280,50	1.213.316	7.237.156,50	-	5.284.122
	- 29 "Floods- Italy" projects	10.000.000	7.871.206	1.838.000	290.794	-	-
	- Fruit and vegetables, olives and olive oil - Italy (Article 4 Reg. 130/66)	45.000.000	45.000.000	-	-	-	-
1968	- 152 projects from 1967	26.039.369	17.004.742	236.007	1.600.461	-	7.198.159
	- 161 projects from 1968 (I Inst.)	34.114.667	20.304.247	28.282	3.265.206	-	10.516.932
	- enquiry into the structure of farms (Reg. 70/66)	8.000.000	7.307.748	692.252	-	-	-
	- olives - olive-oil - Italy (Article 13 Reg. 130/66)	8.000.000	8.000.000	-	-	-	-
	- fruit and vegetables - Italy period 1966/67 (Article 12 (4) Reg. 159/66)	20.000.000	20.000.000	-	-	-	-
1969	- 277 projects from 1968 (Instalments Ia and II)	60.782.708	27.414.521	254.459	3.165.590	29.948.138	-
	- 34 projects from 1969 (I Inst.)	8.472.837	4.136.739	49.418	48.765	4.237.915	-
	- making good of damage caused by swine-fever in Italy in 1967 (Reg. 349/68)	3.043.253	3.043.253	-	-	-	-
	- pig population census (Reg. 350/68)	22.888.486	22.888.486	-	-	-	-
	- fruit and vegetables, Italy period 1967/68 (Article 12 (4) Reg. 159/66)	22.888.486	22.888.486	-	-	-	-
	- raw tobacco, Italy (Article 12 (1) Reg. 130/66)	15.000.000	15.000.000	-	-	-	-
1970	- 629 projects from 1969 (Instalments II, III, IV)	151.527.163	60.432.358	265.853	1.386.139	89.442.813	-
	- pig population census (Reg. 350/68)	1.512.000	1.512.000	-	-	-	-
	- integration of Luxembourg agriculture into the Common Market - Grand Duchy (Reg. 541/70)	7.500.000	7.500.000	-	-	-	-
	- reimbursement to Italy of expenditure on research into swine-fever (Reg. 349/68)	108.798	107.969,94	-	828,06	-	-
	- reimbursement to Germany of aids to producer groups of fruit and vegetables - 1967 and 1968 (Article 12 (3) Reg. 159/66)	1.242.301	1.242.301	-	-	-	-
	- payment to Italy for fruit and vegetables period 1968/69 (Article 12 (4) Reg. 159/66)	31.948.124	31.948.124	-	-	-	-
1971	- 548 projects from 1970 (Instalments I, II and III)	159.999.497	44.116.425	130.416	502.331	115.250.325	-
	- pig population census (Reg. 350/68)	1.200.000	1.200.000	-	-	-	-
	- reimbursement to Germany of aids to fruit and vegetable producers' organizations in 1969 (Article 12 (3) Reg. 159/66)	546.326	546.326	-	-	-	-
	- reimbursement to Member States of premiums paid in 1970 for the slaughter of cows and non-marketing of milk and milk products (Reg. 1975/69)	24.773.340	24.773.340	-	-	-	-
	- reimbursement to Germany of premiums paid in 1970 for the grubbing-up of fruit trees (Reg. 2517/69)	336.543	336.543	-	-	-	-
	- payment to Italy for fruit and vegetables - "Second Semester" 1969" (Article 12 (4) Reg. 159/66)	12.381.929	12.381.929	-	-	-	-

Commitments entered in accounts in	In respect of	Credits committed up to 31/12/72	Payments made up to 31/12/73	Credits cancelled	Credits to be cancelled	Credits to be carried forward	
						Automatic	Council of Ministers
1972	- 723 projects from 1971 (Inst. I, II and III)	199.943.145,78	31.510.246,37	-	83.895,30	168.349.004,11	-
	- reimbursement of premiums paid in 1970 for the slaughtering of cows and the non-marketing of milk and milk products (Reg. 1975/69) (Germany)	1.505.344	1.505.344	-	-	-	-
	- idem - 1971 (Belgium - Luxembourg)	359.358	359.358	-	-	-	-
	- reimbursement of the premiums paid in 1970 for the grubbing-up of fruit trees (Reg. 2517/69) (Belgium - France - Netherlands)	2.734.934	2.734.934	-	-	-	-
	- idem - 1971 (Germany - Luxembourg)	4.833.539	4.833.539	-	-	-	-
- reimbursement to Italy of aids to producer organizations of fruit and vegetables in 1970 (Article 36 (2) Reg. 1035/72)	390.903	390.903	-	-	-	-	-
1973	- 429 projects from 1972 (Inst. I and II)	149.998.247,46	3.435.061,56	-	30.373,06	146.532.812,84	-
	- reimbursement of aids to fruit and vegetable producers' organizations (Article 36 (2) Reg. 1035/72)						
	Germany - 1970-71						
	France 1967/68-1969-1970						
	Italy 1971	2.430.294	2.430.294	-	-	-	-
	- reimbursement of premiums paid in 1971 and 1972 for the grubbing-up of fruit trees (Reg. 2517/69) (Germany, Belgium, France, Luxembourg, Netherlands)	10.329.313	10.329.313	-	-	-	-
	- reimbursement of premiums paid in 1971 and 1972 for the slaughter of cows and the non-marketing of milk and milk products (Reg. 1975/69) (Germany, Luxembourg, Netherlands)	4.255.809	4.255.809	-	-	-	-
- enquiry into fruit trees (Dir. 71/268) (Belgium, France, Netherlands)	246.000	246.000	-	-	-	-	
- reimbursement of aids for the conversion of the cod fishing sector (Reg. 2722/72) (France)	1.816.464	-	-	-	-	1.816.464	-
TOTAL	1.102.007.747,24	495.080.277,37	9.154.110 ⁽¹⁾	18.015.146,92 ⁽²⁾	555.577.471,95	24.180.741	
Credits not committed						176.186.001	
Credits to be carried forward					555.577.471,95	200.366.742	

Footnotes to Annex O.VI

- (1) of which : 5.511.210 u.a. concerning 43 projects the beneficiaries of which renounced their execution
- 1.648.337 u.a. concerning 103 completed projects for which the actual costs are less than the forecasts
- 925.337 u.a. relating to ten projects which have undergone considerable changes making it necessary to adapt the decision.
- As the costs of the amended projects were lower than the initial forecast, the aid has been fixed at an amount below that of the initial decision
- 376.974 u.a. relating to 5 projects whose execution does not conform with the description contained in the decision to grant an aid
- 692.252 u.a. concerning the enquiry into the structure of farms
- (2) of which : 12.584.740 u.a. concerning 76 projects the beneficiaries of which renounced their execution
- 4.669.077,86 u.a. relating to 151 completed projects the actual costs of which are below the forecasts
- 29.600 u.a. concerning a project with underwent considerable modifications making an adaptation of the decision necessary. As the cost of the amended project was lower than the initial forecast the aid has been fixed at an amount below that of the initial decision
- 730.901 u.a. concerning 14 projects whose execution does not conform with the description contained in the decision to grant aid.
- 828,06 u.a. concerning swine-pest research in Italy

ANNEX O.VII

APPLICATIONS FOR AID BY YEAR, GUIDANCE SECTION

(Years 1964 to 1972)

Year	PROJECTS SUBMITTED				Number of projects not receivable	Number of projects not conforming	Projects not chosen for lack of sufficient resources	PROJECTS FINANCED		
	Total No. of projects submitted	No. of projects withdrawn or having become pointless	PROJECTS DEFINITELY LODGED					Number	Total investments ('000 u.a.)	Aid granted (u.a.)
			Number	Total investments ('000 u.a.)						
1964	226	19	207	142.057	69	0	81	57	115.611	9.056.922
1965	154	21	133	131.108	23	7	6	97	102.103	17.134.258
1966	495	68	427	378.174	48	17	108	254	276.266	41.586.875
1967	303	31	272	265.358	17	12	91	152	143.474	26.039.369
1968	739	96	643	724.714	26	23	156	438	480.360	94.897.375
1969	894	64	830	902.501	14	9	144	663	681.164	160.000.000
1970	862	33	829	1.108.585	14	7	260	548	648.035	159.999.497
1971	1.017	59	958	1.162.307	18	1	216	723	806.856	199.943.196
1972	918	38	880	1.078.638	43	10	398	429	588.435	149.998.266
Totals	5.608	429	5.179	5.893.442	272	86	1.460	3.361	3.842.304	858.655.758

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ANNEX O.VIII
AIDS GRANTED BY EAGGF, GUIDANCE SECTION
FOR THE FINANCING OF PROJECTS FROM 1964 TO 1972

YEAR	GERMANY		BELGIUM		FRANCE		ITALY		LUXEMBOURG		NETHERLANDS		E.E.C.	
	number of projects	aids granted (u.a.)	Number of projects	Aids granted (u.a.)	Number of projects	Aids granted (u.a.)	Number of projects	Aids granted (u.a.)	Number of projects	Aids granted (u.a.)	Number of projects	Aids granted (u.a.)	Number of projects	Aids granted (u.a.)
64	9	2.557.635	7	703.751	10	1.951.487	27	3.069.464	-	-	4	774.585	57	9.056.922
65	21	4.968.976	6	754.985	21	3.692.070	40	5.865.889	1	275.000	8	1.577.338	97	17.134.258
66	59	11.600.152	20	3.279.496	33	8.924.174	119	13.771.303	3	899.342	20	3.112.408	254	41.586.875
67	31	7.239.940	9	2.040.664	34	5.745.508	59	8.835.445	2	150.600	17	2.027.212	152	26.039.369
68	95	26.569.946	45	7.154.359	65	20.876.853	188	31.989.105	2	813.700	43	7.493.412	438	94.897.375
69	152	45.100.881	69	11.826.499	132	35.660.880	249	54.303.638	3	94.550	58	13.013.552	663	160.000.000
70	148	44.964.169	71	11.665.534	114	35.443.459	173	54.265.555	2	374.867	40	13.285.913	548	159.999.497
71	161	57.122.634	96	12.525.387	143	45.073.646	282	67.901.369	7	1.637.790	34	15.682.370	723	199.943.196
72	115	42.100.813	59	12.033.812	74	33.254.416	145	50.498.477	6	943.112	30	11.167.636	429	149.998.266
Totals	791	242.225.146	382	61.984.487	626	190.622.493	1.282	290.500.245	26	5.188.961	254	68.134.426	3.361	858.655.758

ANNEX O. IX

BREAKDOWN BY CATEGORY OF THE PROJECTS
FINANCED BY THE GUIDANCE SECTION
BETWEEN 1964 AND 1972

- <u>Production structures</u>	506 million u.a. (58.9% of the total)
of which :	
- land reform	138 million u.a.
- water supply and irrigation works	120 million u.a.
- afforestation	13 million u.a.
- miscellaneous	235 million u.a.
- <u>Marketing structures</u>	315 million u.a. (36.7% of the total)
of which :	
- cereals	18 million u.a.
- milk products	115 million u.a.
- meat	43 million u.a.
- fruit and vegetables	61 million u.a.
- wine	34 million u.a.
- miscellaneous	44 million u.a.
- <u>Mixed production / marketing structures</u>	38 million u.a. (4.4% of the total)

ANNEX O.X

BREAKDOWN BY SECTOR OF THE AIDS
GRANTED BETWEEN 1964 AND 1972 BY THE GUIDANCE SECTION

(000 u.a.)

Sectors	Number of projects	Total 1964-1972	
		Aids	%
- Land and water supply improvements	1.345	387.124	45,1
- Milk	371	117.292	13,7
- Grape-gowing and wine-making	339	87.459	10,2
- Fruit and vegetables	420	68.831	8,0
- Meat	323	67.551	7,9
- Oil production	138	27.475	3,2
- Cereals	82	20.232	2,3
- Forestry	64	12.787	1,5
- Animal feed	34	9.189	1,1
- Flowers and plants	29	8.562	0,9
- Eggs and poultry	50	5.839	0,7
- Seeds and nurseries	38	6.143	0,7
- Research and dissemination of information	31	4.933	0,6
- Sugar	2	780	0,1
- Fish products	21	9.640	1,1
- Miscellaneous	74	24.819	2,9
	3.361	858.656	100,0

ANNEX O.XI

REGIONAL BREAKDOWN BY MEMBER STATE OF THE PROJECTS FINANCED BY THE EAGGF,
GUIDANCE SECTION
 (Years 1964 to 1972)

GERMANY		BELGIUM		FRANCE		ITALY		NETHERLANDS	
Community regions	Aids granted	Community regions	Aids granted	Community regions	Aids granted	Community regions	Aids granted	Community regions	Aids granted
Schleswig-Holstein	22.972	Nord	31.294	Région parisienne	1.381	Nord-Ouest	8.295	Nord	20.893
Hamburg	1.354	Sud	23.834	Bassin parisien	34.256	Lombardia	10.390	Oost	13.513
Bremen	5.841	Brabant	6.856	Nord	7.939	Nord-Est	56.161	West	22.647
Niedersachsen	47.094			Est	8.223	Emilio-Romagne	37.971	Zuid	11.081
Nordrhein-Westfalen	29.919			Ouest	49.864	Centre	52.728		
Hessen	22.945			Sud-Ouest	28.329	Lazio	26.524		
Rheinland-Pfalz	20.626			Centre-Est	23.655	Campania	7.146		
Baden Württemberg	36.886			Méditerranée	36.975	Abruzzi-Molise	15.654		
Bayern	54.302					Sud	61.952		
Saarland	286					Sicilia	11.766		
						Sardegna	1.913		
	242.225		61.984		190.622		290.500		68.134