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EIGHTH FINANCIAL REPORT

on the

EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND

YEAR 1978

(presented by the Commission to the Council)

GUARANTEE SECTION

INTRODUCTORY NOTE

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 shall 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 the nature of its expenditure and the conditions under which Community financing has been effected".

The Commission has accordingly submitted seven annual reports since 1971, when the definitive financing system came into effect.

This report covers the activities of the Guarantee Section of EAGGF for the 1978 financial year.

The Guarantee Section finances expenditure resulting from the common policy on agricultural markets and prices. Under Articles 2 and 3 of Regulation (EEC) No 729/70 this comprises refunds on exports to non-member countries to cover the difference between Community prices and world prices, and various intervention measures designed to stabilize agricultural markets (storage, withdrawal from the market, price compensation, guidance premiums).

N.B. This draft of the Report was completed on 2 June 1979

SUMMARY OF THE EIGHTH FINANCIAL REPORT

EAGGF Guarantee section

This report covers the activities and financial operations of the EAGGF Guarantee Section and the Community financing of food aid.

Title I: Developments in the Community financing of agricultural markets and prices

1. Certain changes made to market regulations had financial implications for the Guarantee Section. The principal changes were the introduction, in connection with the co-responsibility levy, of a scheme for expanding the market for milk products, the reinforcement of support for Mediterranean products, a special feature of which was a major reorganization of the olive oil sector, and the introduction of aid for the processing of certain fruits and vegetables.
2. The rules governing the EAGGF Guarantee Section have also undergone two changes. The arrangements for financing public intervention, in particular the method used for the evaluation of products in storage on 31 December, have been amended with a view to the real value of those products being reflected more accurately in the accounts. Secondly, the procedures governing the financial relations between the EAGGF Guarantee Section and the paying agencies responsible for preparing the monthly declarations by Member States have been revised in the light of experience.

3. The provisional figure for total expenditure is 8 672.7 m EUA, of which 40.8% represents export refunds and 59.2% interventions, including monetary compensatory amounts. Expenditure on the milk sector continued to increase substantially in 1978, totalling 4 015 m EUA or 46.3% of the Guarantee Section's total. There was a growth in expenditure on some other sectors (cereals, sugar, beef and veal, oils and fats); on the other hand, expenditure on several sectors declined (fruit and vegetables, wine, monetary and accession compensatory amounts).

Title II: Cash position and financial administration

4. In addition to the twelve monthly advances, the Commission decided to grant seven special advances, thereby making a total of 8 700.6 m EUA available to the Member States. Overall, the funds available to the Member States were less than in 1977, which denotes an improvement in management of the cash position.
5. Additional appropriations were not required in 1978. The provisional figure for total expenditure of 8 672.7 m EUA represents almost total utilization of the available appropriations, i.e. 8 703.25 m EUA.

This expenditure includes for the first time the optional depreciation by 306.2 m EUA, of the value of products stored in large quantity.
6. As happens every year, some transfers of appropriations were needed; the main effect of these was to increase appropriations for milk products, beef and veal and processed agricultural products and to make good the differences in the accounts between expenditure expressed in agricultural units of account and European units of account, which in 1978 were entered together in one heading.

Title III: Verifications and irregularities

7. The Commission undertook systematic verifications with a view to the clearance of the accounts for earlier years. It also undertook various special inquiries and selective checks aimed at ensuring that the provisions of the common agricultural policy were being correctly implemented in particular cases.

The latter special operations covered eight different subjects and concerned the support mechanisms of seven common market organizations. Lastly, the terms of references of the Special Committee of Inquiry were extended; in 1978 it turned its attention to the cereals sector, on which its work will be completed in 1979.

8. Efforts to combat irregularities, e.g. by improving the system of regular notification of cases detected in the Member States, continued. In 1978 117 irregularities were detected by national authorities and reported to the Commission. These irregularities involved a total of about 3 m EUA, of which almost 1 m EUA has been recovered. The number of cases detected and above all the financial implications, were less than in previous years. Most cases concern cereals, beef and veal and milk products and very often involve monetary compensatory amounts (1.8 m EUA).

Title IV: Audit and clearance, and closure of accounts

9. Because of the considerable variety, volume and complexity of the expenditure financed by the Guarantee Section, and the shortage of available staff, there is still a very considerable backlog in the work of preparing accounts of previous years for a clearance decision by the Commission; at the end of 1978 audit and clearance was four years behind schedule. The Commission is in various ways endeavouring to remedy this situation.
10. 1978 was in this respect a year of transition, marked by the completion of work on the years 1967-70, the verification of the accounts for the first financial year (1973) of the enlarged Community, and the start of work simultaneously on the 1974 and 1975 accounts. In addition, the first legal proceedings between a number of Member States and the Commission were completed at the beginning of 1979, establishing precedents which will facilitate subsequent Commission decisions on the clearance of accounts. The Court of Justice on the whole found in favour of the Commission, both on questions of principle and in six cases out of the seven which were in dispute.

Title V: Financing of Community food aid for products subject to common market organization

11. Pending Council approval of the Commission's proposal to bring together the expenditure on refunds and the other expenditure relating to food aid, these two items remain separate. This part of the report thus covers all expenditure on food aid, except that on refunds.

12. Food aid is financed in accordance with rules similar to those for the Guarantee Section. The Commission, for this purpose, made monthly advances totalling 250.3 m EUA, 23.7% more than in 1977. Of this amount 226.8 m EUA were paid for food aid programmes relating to cereals (111.2 m EUA), milk products (114 m EUA) and sugar (1.6 m EUA). In addition, 9.2 mEUA was paid directly to various bodies responsible for food aid operations.

The development of food aid programmes slowed up the work of verifying 1975 expenditure. The audit and clearance of accounts thus continues to lag behind.

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TITLE I

DEVELOPMENTS IN THE COMMUNITY FINANCING OF AGRICULTURAL MARKETS AND PRICES

1. Agricultural prices and adjustments to market mechanisms having financial implications

Expenditure of the guarantee section has been influenced by changes in agricultural prices for the 1978/79 marketing year, as well as by various adjustments to the common organizations of markets. These latter have been introduced both in the context of measures adopted at the time of the price review, and during the 1978 financial year, and have had a direct influence on the administration of finances by the EAGGF Guarantee Section not only in 1978, but also from 1979 on.

1.1. Agricultural prices, related measures and other measures having financial effect beginning in the 1978 financial year

1.1.1. Agricultural prices

On 12 May the Council adopted a series of decisions under a complex overall agreement comprising 3 elements: the fixing of the agricultural prices for the 1978/79 marketing year, together with related measures; the first steps of a new policy to help the less-developed regions of the Community (Mediterranean policy); and agri-monetary measures.

The average increase in common prices was about 2.1%, very close to the Commission's proposal of 2%. The related measures mainly affect the olive oil, wine and fruit and vegetable sectors.

In the agri-monetary field the adjustment of the representative rate permitted, as in 1977, some dismantling of monetary compensatory amounts (MCAs) since they were reduced for France, Italy and Ireland. The Commission's proposal of 26 October 1977 on the automatic elimination of existing MCAs over a period of seven years was not adopted by the Council¹.

¹ The Council adopted a more pragmatic position, in connection with the establishment of the European Monetary System and stressed the need to phase out MCAs gradually.

The financial impact of these price adjustments and the related market organization measures resulting from the decisions adopted on EAGGF Guarantee expenditure amounts to about 210 m EUA for the 1978 financial year. This cost derives not so much from the price rise as from the adoption of the related measures in the milk products and processed fruit and vegetables sectors (Mediterranean policy). Thanks to some savings attributable to the economic and monetary situation, it was not necessary to resort to a supplementary budget.

1.1.2. Alterations in certain sectors with a financial effect beginning in the 1978 financial year

A. Milk and dairy products sector

The Community's main concern has been to implement the programme for the progressive achievement of balance on the milk market with a view to making the maximum impact on the surpluses of skimmed-milk powder and butter. Intervention stocks of these two products were about 988 000 and 142 000 tonnes respectively at the 1st January 1978. By the end of 1978 the stocks were 722 000 tonnes and 258 000 tonnes.

a) Co-responsibility levy and related measures

One of the major factors in this sector in 1978 was the implementation of the co-responsibility levy - at the reduced rate of 0.5% of the guide price for the 1978/79 marketing year - introduced by Regulation (EEC) No 1079/77¹, and the introduction or reinforcement of measures aimed at expanding the market (see also 7th Financial Report, point 3.2.A).

Such measures are adopted by the Commission in accordance with the "Management Committee" procedure after it has consulted the interested sectors represented on the Advisory Committee and the Co-responsibility Group. The programme agreed on includes the following measures:

¹ OJ No L 131 of 19 May 1977 p 6

1. provision of milk and certain dairy products at reduced prices to schoolchildren with effect from the start of the 1977/78 marketing year;
2. as of November 1977, sale of butter at reduced prices for the manufacture of ices;
3. sale of intervention butter at reduced prices for direct consumption in the form of concentrated butter, with effect from April 1978;
4. market promotion, advertising and research in the milk sector within the Community;
5. assistance for market research activities outside the Community;
6. incentives to improve the quality of milk;
7. incentives to develop the use and consumption of Community dairy products outside the Community in the form of technical and/or commercial assistance;

Expenditure is charged to the EAGGF Guarantee Section against revenue from the co-responsibility levy as follows:

- school milk: 50% until 31 May 1978, then 2/3;
- butter for ices and concentrated butter: 2/3;
- other measures: 100%.

Table 1 below shows revenue and expenditure in respect of the measures listed above.

Table 1: Revenue from the co-responsibility levy and expenditure on measures adopted following the introduction of the levy

million EUA

Measure	1977 (from 16.9)	1978	1979 estimates	16.9.1977 to 31.3.1979
A. Revenue from co-responsibility levy	24.0	155.8	30.9 ²	210.7
=====				
B. Expenditure				
(a) school milk (Reg. 1080/77)	-	10.3	28.6	38.9
(b) butter for the manufacture of ices (Reg. 232/75)	7.5 ¹	28.2)	
(c) concentrated butter for direct consumption (Reg. 649/78)		4.7) 44.7	85.1
(d) promotion, advertising and market research in the Community (Reg. 723/78)))	
(e) market research outside the Community))	
(f) improvement of the quality of milk) 10.1) 117.9	118.0
(g) assistance for developing use and consumption of dairy products outside the Community))	
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expenditure/revenue (%)	31 =	34%		

When the Council adopted the decisions fixing agricultural prices for 1978/79 it reduced the co-responsibility levy to 0.5% for that marketing year. The various measures for the expansion of markets came into effect mainly in 1978 and will generate expenditure chargeable to the 1979 budget.

b) Other measures

Mention should also be made of certain further measures adopted for the 1978/79 marketing year with a view to restoring balance to the market:

- on the production side, increase in the rate of premiums for the non-marketing of milk and for the conversion of dairy herds to beef production;
- on the consumption side:
 - . reintroduction of consumer aid in respect of sales of butter to recipients

¹ This amount is equal to 4.2% of the expenditure charged to Item 6221 of the 1977 Budget: "public storage and special disposal measures for butter stocks".

² assuming that the measure is adopted on 31 March 1979.

of social security benefits (the United Kingdom has made use of this measure since 1 November 1978 under Regulation (EEC) No 2574/78 of 30 October 1978¹ which thus renews the aid granted to it up to the end of 1978 by Regulation (EEC) No 880/77);

- . the sale of butter at reduced prices at the end of the year ("Christmas butter") introduced in 1977 was continued at the end of 1978 under Regulation (EEC) No 1901/78 of 5 August 1978²; 123 000 t of butter were disposed of in this way (70 000 t in 1977);
- . increase in the aid for the use of skimmed-milk powder in animal feed.

The private storage aid for Italian cheeses was extended to include Provolone cheese.

B. Beef and veal

Despite some improvement in the market and a reduction of stocks from 425 000 t at the end of 1977 to 305 000 t at the end of 1978, expenditure was again quite high. The premiums for the slaughtering of adult bovine animals and the calving premiums were renewed for the 1978/79 marketing year.

To relieve the market at the time animals are coming off grass and to counteract the fall in market prices, Regulation (EEC) No 2562/78 of 30 October 1978 was adopted. It permits the grant of private storage aid for hindquarters, at a rate fixed in advance, where applications were submitted between 6 November 1978 and 15 December 1978 inclusive.

Various other regulations and decisions were adopted by the Commission to keep disposal of intervention stocks at a satisfactory level.

C. Pigmeat

Because of abundant supplies of pigmeat, particularly of Community origin, the internal market price fell. The Commission therefore had to reintroduce private storage aid by Regulation (EEC) No 1467/78 of 29 June 1978⁴ and increase export refunds.

¹ OJ No L 309 of 1 Nov 1978 p 4

² OJ No L 216 of 5 Aug 1979 p 43

³ OJ No L 307 of 1 Nov 1978 p 47

⁴ OJ No L 176 of 30 June 1978 p 12

D. Products processed from fruit and vegetables

Regulation (EEC) No 516/77 on the common organization of the market in this sector was amended on 30 May 1978¹. With effect from 1 July 1978 production aid for tomato concentrates, skinned tomatoes, tomato juice, canned peaches and prunes in syrup, was introduced to enable products from the Mediterranean regions to compete more effectively on Community markets with imported products. The financial impact of this aid is of the order of 160 m EUA for one year.

E. Dried fodder

On 1 July 1978 Regulation (EEC) No 1117/78 of 22 May 1978² on the common organization of the market in dried fodder entered into force, supplanting Regulation (EEC) No 1067/74 concerning this sector. The system of production aid is reinforced by the introduction of additional aid in respect of products obtained from fodder harvested in the Community, the amount of which varies according to the conditions of supply on the world market. The cost of this system amounts to about 40 m EUA per year.

F. Peas and field beans

For these products, which are used in the manufacture of animal feed, aid was introduced by Regulation (EEC) No 1119/78 of 22 May 1978². It enables Community produce to compete better with oilseed cake imported from non-member countries without levy. The financial impact is about 6 m EUA for one year.

G. Refunds on products not listed in Annex II to the Treaty

(a) To expand outlets, in view of the large Community surpluses of sugar since 1977, the basic regulations on sugar and isoglucose were amended to include isoglucose in the list of basic products on which an export refund is granted when products are exported in the form of goods not listed in Annex II to the Treaty of Rome.

¹ Regulation (EEC) No 1152/78 - OJ No L 144 of 31 May 1978 p 1

² OJ No L 142 of 30 May 1978

(b) Amendments to the basic regulations on cereals and rice to extend the abovementioned list were also found necessary in view of market trends and the requirements of the industries exporting basic products in the two sectors.

For all these sectors the amendments to the basic regulations were adopted on 4 April 1978.

1.2. Alterations in certain sectors having financial effect beginning in the 1979 financial year

A. Oils and fats sector

(a) On 29 June 1978 the Council adopted major amendments to the basic Regulation on the common organization of the market in olive oil. To bring the measures in this sector more into line with production and the state of the market, the production aid applied hitherto has been replaced by the following:

- aid restricted to existing olive trees, granted at a fixed rate and based in particular on production potential;
- aid for consumption, granted in the distribution chain.

The previous aid, paid to producers after a considerable delay, had a negligible influence on marketing. The new production aid, on the other hand, should be paid more quickly and will avoid some of the difficulties of supervision. Since it takes account of the competitive position of olive oil, the aid for consumption has a direct influence on the market and will thus facilitate disposal.

Part of the aid is also to be kept for financing regional schemes for improving the quality of oil production and for information campaigns designed to promote the consumption of olive oil.

(b) To support Community production of castor seed, Regulation (EEC) No 2874/77¹ was adopted on 19 December 1977, providing for aid applicable from 1 October 1978 until the end of the 1983/84 marketing year. General rules for the application of this Regulation were laid down by Regulation (EEC) No 1853/78² of 25 July 1978.

¹OJ No L 332 of 24 Dec 1977 p 1

²OJ No L 212 of 2 Aug 1978 p 1

This aid is for castor seed processors and is subject to the conclusion of supply contracts with farmers. It is likely to lead to expenditure of 0.1 m EUA for 1979.

B. Wine sector

An action programme for the progressive establishment of balance on the market in wine was presented by the Commission to the Council on 7 August 1978. Its aim is to forestall any imbalances that may result when a big harvest threatens surpluses on the Community market in table wines.

Among the seven proposals contained in the programme attention should be drawn in particular to the introduction of a system of minimum marketing prices accompanied by distillation measures, the increase in the maximum additional rate of compulsory distillation from 6 to 8% and the possibility of granting instant aid in respect of concentrated musts where necessary.

2. Changes in the rules governing the EAGGF Guarantee Section

2.1. Financing of intervention

2.1.1. Definition of the general rules

The proposal for a Regulation laying down general rules for the financing of intervention, and more particularly the so-called "second category" intervention (i.e. buying-in, storage and sales), was forwarded to the Council and the European Parliament on 31 December 1977 (see 7th Financial Report, point 2.1.1.b). The latter delivered its opinion at its sitting on 12 May 1978. The proposal was adopted by the Council on 2 August and became Regulation (EEC) No 1883/78¹. It repeals Regulation (EEC) No 2824/72 and applies to expenditure incurred on or after 1 January 1978, except for Article 7, which applies with effect from 1 January 1979.

2.1.2. Amendment of certain implementing provisions

The adoption of Regulation (EEC) No 1883/78 led to the following amendments:

- (a) Article 7 of the Regulation lays down that if an agricultural product stored by an intervention agency necessarily deteriorates as a result of storage, the EAGGF Guarantee Section bears the loss for such depreciation as from the time when the product is bought-in by the intervention agency. This procedure reduces the interest charge which the EAGGF finances in respect of funds employed in the buying-in of products for storage and it thus necessitated the amendment, on 8 February 1979, of Regulation (EEC) No 467/77 on the method and rate of interest (8%) to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal².

This provision was applied for the first time in the beef and veal sector by the adoption on 7 February 1979 of Regulation (EEC) No 230/79⁽³⁾ which fixes in respect of meat bought-in a depreciation coefficient of 0.80 to be applied to the buying-in price.

¹OJ No L 216 of 5 August 1978 p 1

²Regulation (EEC) No 241/79 - OJ No L 34 of 9 February 1979 p 25

³OJ No L 32 of 8 Feb 1979 p 23

(b) Article 8 of the same Regulation lays down two special provisions concerning the valuation of intervention stocks at the end of the year:

- stocks in intervention at 31 December are now to be valued at the average buying-in price, and no longer on the basis of the actual intervention price paid (Article 8 paragraph 1);
- the value of these stocks may under certain conditions be written down (Article 8 paragraph 2).

On the basis of these two factors, on 6 December 1978 the Commission adopted Regulation (EEC) No 2879/78¹ fixing the prices to be applied in calculating the value of agricultural products which were in intervention storage on 31 December 1978 and which would be carried forward to the 1979 financial year. These prices are normally based on the actual buying-in prices paid by intervention agencies during a reference period extending from 1 January 1978 to the latest month for which these figures are known. However, as the prices obtainable on the disposal of intervention stocks of some products (skimmed-milk powder, butter, tobacco and beef) were substantially lower than the buying-in price, it was possible to write down the value of the stocks of these products to be carried over, there being appropriations still available at the end of the 1978 financial year. This writing down thus enabled part (306.2 m EUA) of the losses that would be incurred in selling these products in 1979 to be charged to the 1978 Budget (see table 3, page 16).

2.1.3. Securities

The rules lay down that operators must provide security in certain cases to guarantee proper completion of certain transactions: issue of import and export licences, tendering procedures, private storage contracts, and sales of goods from intervention stocks. Regulation (EEC) No 352/78 of 20 February 1978² lays down that in certain instances where the security is not released, in particular where the EAGGF suffers a financial loss, the

¹OJ No L 342 of 7 Dec 1978 p 14

²OJ No L 50 of 22 Dec 1978 p 1

security so forfeited is to be deducted by the paying agency of the Member State from the corresponding expenditure charged to the EAGGF Guarantee Section (or from food aid).

2.1.4. Procedure for charging the dual rate effect

As in 1977, the European Communities' Budget for the 1978 financial year provided for a separate heading to carry the financial effect of applying different conversion rates for measures financed by the EAGGF Guarantee Section. This separate entry is governed by Council Regulation (EEC) No 474/77¹; the coefficients to be used were adjusted on 10 April 1978 by Regulation (EEC) No 724/78² to take account of the changes in the representative rates since the coefficients were fixed in 1977 and of the use of the European unit of account (EUA) for the Community Budget (see 2.4.).

It should be noted that this practice was discontinued on 1 January 1979; the financial effect of the dual rate is now divided among the various relevant budget headings.

2.2. Operation of the advances system

Article 4(2) of Regulation (EEC) No 729/70 lays down that the Commission is to make available to Member States the appropriations necessary so that the designated departments and agencies may make payments in respect of expenditure chargeable to the EAGGF Guarantee Section.

Consequently, when the permanent system of financing took effect on 1 January 1971, Regulation (EEC) No 2697/70 laid down rules for advancing Community funds to Member States in respect of Guarantee Section expenditure.

In the light of experience gained in the matter and changes in the rules and in the monetary situation, it was considered necessary to review all the provisions which had been established. As a result, Regulation (EEC) No 380/78 was adopted on 30 January 1978³. Its main provisions relate to the following: statements designed to facilitate monitoring of the cash

¹ OJ No L 64 of 10 March 1977 p 2

² OJ No L 98 of 11 April 1978 p 9

³ OJ No L 56 of 27 February 1978 p 1

position, separate supporting documents and advances for expenditure financed partly from the Guarantee Section and partly from the Guidance Section, new annexes for entering second category intervention expenditure, the concept of payment of expenditure and its consequences for the accounts. It also takes account of the fact that in connection with the application of the European unit of account (EUA) from 1 January 1978 EAGGF Guarantee Section expenditure is entered in the accounts in terms of national currencies converted into EUA using monthly rates.

2.3. Standard amounts

The standard amounts provided for to cover the cost of physical operations in connection with the storage and processing of agricultural products bought into intervention, as fixed by the Commission Decision of 31 October 1977, did not need adjustment during 1978 since the costs incurred by the intervention agencies did not call for such adjustment.

2.4. Unit of account used for Guarantee Section expenditure

Since 1 January 1978 the budget of the European Communities has been expressed in European units of account (EUA) based on the weighted average of the exchange rates of Member States' currencies, instead of in the unit of account (u.a.) which was based on the rates of the currencies as declared to the International Monetary Fund. The dual rate effect¹ represents in 1978 the gap between the representative rates used in agriculture for the conversion into national currencies of amounts expressed in agricultural units of account (AUA) and the rates used for the entry in the Community budget in EUA of that expenditure expressed in national currencies.

Since the 1978 budget still provides for a separate heading for the dual rate effect (see point 2.1.4.), the tables in the Annex show this separately. The amounts given for the various measures are thus expressed in agricultural units of account (AUA); total expenditure expressed in EUA is arrived at by adding in the total impact of the dual rate.

¹See 7th Financial Report, points 2.1.3. and 3.2.D.

The transition from the u.a. (IMF) to the EUA, combined with the separate entry of the financial impact of the dual rate for 1977 and 1978 makes it rather difficult to assess the trend in expenditure. For this reason in the table at Annex G XI on Guarantee Section expenditure from 1974 to 1978 all the data are expressed in EUA, the effect of the dual rate having been recalculated for expenditure on each sector and incorporated with the "agricultural expenditure" on each of them.

Annex G II sets out the exchange rates for converting u.a. into EUA for the financial years 1971 to 1977.

3. Expenditure in 1978

3.1. General

As was pointed out in previous reports (see Seventh Financial Report, page 10), Guarantee Section expenditure is unpredictable because of agricultural factors (production and internal and world prices) which inevitably involve a divergence between actual expenditure and the assumptions made in the budget.

Moreover, certain non-agricultural factors tend to aggravate the uncertainty, namely:

- (a) developments in the monetary situation which lead to substantial expenditure on monetary compensatory amounts and the dual conversion rate (see 3.2.C and D);
- (b) variations in the time elapsing between an operation and the payment for it made by the paying agencies have the effect of increasing or reducing expenditure from one year to the next. This time lag is generally one to two months, but can be much more for certain measures or countries. It is particularly lengthy in Italy as regards payments of aid for the production of olive oil and the calving premium, although it is becoming shorter.

TABLE 2
COMPARISON BETWEEN THE INITIAL 1978 BUDGET AND EXPENDITURE

■ u.a. (1)

Sector	Initial appropriations 1978	Expenditure in 1978					Differences between appro. & expend. 1978	
		Total	%	Refunds	of which		■ u.a.	%
					1st category intervention (2)	2nd category intervention (3)		
a	b	c	d	e	f	g	h	i
Cereals	1 428.3	999.5	11.5	744.7	206.1	48.7	- 428.8	- 30.0
- excluding durum wheat	1 304.3	909.4	10.5	744.7	116.0	48.7	- 394.9	- 30.3
- durum wheat	124.-	90.1	1.0	-	90.1	-	- 33.9	- 27.3
Rice	36.6	16.7	0.2	15.8	0.9	-	- 19.9	- 53.3
Milk and dairy products	2 895.9	3 365.7	38.8	1 313.5	1 162.7	889.5	+ 469.8	+ 16.2
Oils and fats	413.3	333.9	3.9	0.1	302.5	31.3	- 79.4	- 19.2
- Olive oil	288.5	208.7	2.4	-	177.3	31.3	- 79.8	- 27.7
- Oil seeds (4)	124.8	125.2	1.5	0.1	125.1	-	+ 0.4	+ 0.3
Sugar	812.5	770.2	8.9	556.9	213.2	0.1	- 42.3	- 5.2
Beef and veal	460.8	566.7	6.5	121.6	125.5	319.6	+ 105.9	+ 23.0
Pigmeat	84.5	38.3	0.4	26.4	11.9	-	- 46.2	- 54.7
Eggs/poultrymeat	25.4	33.7	0.4	33.7	-	-	+ 8.3	+ 32.7
Fruit/vegetables	139.2	100.2	1.2	47.5	52.7	-	- 39.0	- 28.0
Wine	224.3	62.5	0.7	1.5	61.0	-	- 161.8	- 72.1
Tobacco	237.4	209.9	2.4	2.6	180.3	27.0	- 27.5	- 11.6
Fishery products	18.0	14.0	0.2	7.2	6.8	-	- 4.0	- 22.2
Flax and hemp	15.0	14.4	0.2	-	14.4	-	- 0.6	- 4.0
Seeds	23.0	17.7	0.2	-	17.7	-	- 5.3	- 23.0
Hops	8.0	9.1	0.1	-	9.1	-	+ 1.1	+ 13.8
Silkworms	1.4	0.6	-	-	0.6	-	- 0.8	- 57.1
Dehydrated fodder	16.2	38.7	0.4	-	38.7	-	+ 22.5	+ 238.9
Non-Annex II products	120.0	184.4	2.1	184.4	-	-	+ 64.4	+ 153.7
Compensatory 1) Accession amounts 2) Monetary	30.0	23.1	0.3	-	23.1	-	- 4.9	- 23.0
Effect of dual rate	992.6	717.0	8.3	198.5 (5)	518.5	-	- 275.6	- 27.3
	712.9	1 155.4	13.3	284.3	602.1	269.0	+ 442.5	+ 62.1
TOTAL	8 695.2	8 672.7	100	3 538.7	3 548.8	1 585.2	- 22.5	- 0.3
%		100		40.8	40.9	18.3		

(1) ■ u.a. = million units of account

(2) Intervention for which unit amounts of expenditure are fixed by Community regulations

(3) Intervention consisting of buying-in, storage and disposal, expenditure which is financed by EAGGF by means of annual accounts and is calculated at standard rates.

(4) Including production aid for soya

(5) MCAs paid out in extra-Community trade are regarded as refunds.

3.2. Appropriations and expenditure

The initial appropriations entered in Titles 6 and 7 and Chapters 44 to 46 (expenditure in respect of Accession Compensatory Amounts and the dual rate effect) of the 1978 budget totalled 8 695.25 m EUA. If a non-automatic carry-over of 24 m EUA, representing revenue from the co-responsibility levy in 1977 is added and a transfer of 16 m EUA to the fisheries sector (Chapter 83) is deducted, the result is 8 703.25 m EUA in appropriations for the 1978 marketing year.

Table 2 shows that expenditure for the 1978 financial year finally amounted to 8 672.7 m EUA.

The two above amounts are almost identical because savings of some 480 m EUA were mainly absorbed by the implementation of Article 8 of Regulation (EEC) No 1883/78 (see 2.1.1), namely:

- the requirement that stocks in intervention on 31 December be valued at the average buying-in price (145 m EUA);
- the possibility of writing down the value of these stocks if appropriations are available at the end of the financial year (306 m EUA).

The effect of Article 8, broken down by sector, is summarized in Table 3.

TABLE NO 3

Additional expenditure in the 1978 financial year resulting from implementation
of Article 8 of Regulation (EEC) No 1883/78

Sector	First paragraph of Article 8 (evaluation of stocks at average buying-in price)		Second paragraph of Article 8 (discretionary writing down of value of stocks)	
	m AUA	m EUA	m AUA	m EUA
Common wheat	10.2	12.2	-	-
- for bread-making				
- non-bread ¹	-	-	-	-
Barley	0.4	0.5	-	-
Rye	0.1	0.1	-	-
Durum wheat	2.9	3.5	-	-
Skimmed-milk powder	29.4	35.3	109.0	136.6
Butter	26.5	31.8	80.2	100.1
Olive oil	21.5	25.8	-	-
Oil seeds	-	-	-	-
Sugar	-	-	-	-
Tobacco	5.6	6.7	7.7	8.3
Beef				
- quarters	10.4	12.5	28.3	33.9
- boned	12.2	14.6	11.0	12.8
- preserves	1.9	2.3	11.2	14.5
TOTAL	121.1	145.3	247.4	306.2

¹ None in storage

It should be noted that the discretionary writing down is 16.5% of the average buying-in price for skimmed-milk powder, butter, tobacco and meat preserves. It is less for unboned meat than for boned meat: 13% and 6.5% respectively, because of the relatively higher disposal prices for these products.

3.3. Comparison between initial 1978 appropriations and disbursements:

Table 2 compares initial budget appropriations with disbursements effected by the end of the financial year, after adjustment of the appropriations available by carry-overs from 1977 and transfers of appropriations.

A. The agricultural sectors

The following observations arise on individual sectors:

- (a) for cereals total expenditure was 429 m AUA less than the estimates, mainly due to a below-average harvest. This situation is reflected primarily in expenditure on export refunds (the largest item in this sector): 334 m AUA less than estimated. It should, however, be noted that, despite the poor crop, expenditure on refunds in 1978 was almost double that of previous years.

Again because of the poor crop in 1977, but also as a result of an active policy on refunds, expenditure on intervention buying-in remained 44 m AUA below estimates. The Council Decision to restrict the grant of the carry-over payment to certain cereals limited expenditure on this measure to 10.4 m AUA instead of the estimated 33 m AUA.

As regards durum wheat, a reduction in the area under this crop, but above all the failure to make up the backlog in payment led to expenditure being substantially (34 m AUA) below the estimate.

- (b) In the milk and dairy products sector, expenditure amounted to 3 365.7 m AUA, 469.8 m AUA more than the estimates. It should be noted, however, that more than half of this amount, i.e. 245.1 m AUA represents additional expenditure under the 1978 Budget due to implementation of Article 8 of Regulation (EEC) No 1883/78 (valuation of carry-over stocks at their average buying-in price and discretionary writing down of their value).

This provision was not taken into account in the 1978 Budget.

Overall, given constantly increasing production, a very active policy of disposal was necessary both on the world market and on the internal market. Particularly on the export front the increase in quantities and continued low world prices made expenditure on refunds exceed estimates by 310 m AUA.

As regards skimmed-milk powder, efforts to promote sales in the animal feed sector were pursued energetically, with the result that expenditure exceeded estimates by 104 m AUA. By these means intervention stocks of skimmed-milk powder were reduced from almost 1 million t at the end of 1977 to 722 000 t at the end of 1978. Expenditure on public storage and special disposal measures was thus much as estimated, if one leaves out of account the 138 m AUA of additional expenditure arising from the implementation of Article 8 of Regulation (EEC) No 1883/78.

For butter, again excluding 106.7 m AUA of additional expenditure arising from the implementation of the said Article 8, expenditure was as estimated. However, there was a substantial increase in the quantities in public storage: from 142 000 t at the end of 1977 to 258 000 t at the end of 1978. This increase is of course reflected in expenditure.

As regards the other measures, expenditure relating to the financial contribution towards the free distribution of milk to schoolchildren and the contribution by the Guarantee Section towards non-marketing premiums for milk and conversion premiums to beef production was much below the estimated level.

Finally, the Council Decision to reduce the co-responsibility levy by 0.5% for the 1978 marketing year led to a substantial decrease in revenue. It amounted to 137 m AUA, instead of the 214 m AUA forecast.

- (c) For the oils and fats sectors the delay in the payment of production aid for olive oil continued. As the 1978 estimate assumed some catching up of the backlog this item was therefore underspent. Expenditure on intervention buying-in and subsequent operations amounted to 31 m AUA, as compared with the estimate of 15 m AUA. The higher than expected buying-in increased stocks from 49 000 t at the end of 1977 to 105 000 t at the end of 1978. Expenditure on production aid for colza seed was slightly more (9m AUA) than expected as a result of the drop in world prices which led to an increase in the aid in autumn 1978.
- (d) In the sugar sector the surplus, including ACP sugar, grew in 1978; this is reflected in the level of expenditure which showed an increase of about 300 m AUA on that of the previous year, though at 770.2 m AUA it was slightly less than forecast (812.5 m AUA); this was mainly because expenditure on export refunds, which accounts for 75% of total expenditure in this sector, was less than expected due to a slight decrease in the rates.
- (e) In the beef and veal sector, not counting expenditure of 65 m AUA resulting from the application of Article 8 of Regulation (EEC) No 1883/78, expenditure exceeded the budget estimate by 30.9 m AUA. In this sector the improvement on the internal market was slower than expected, which meant that exports had to be increased (30 m EUA more than estimated) and led to a slower rundown of intervention stocks (26 m AUA expenditure more than the estimate, excluding 75 m AUA resulting from the application of the Article 8 mentioned above). On the other hand, for some other measures (such as private storage aid, the premiums for orderly marketing and the calving premiums) expenditure was less than forecast.
- (f) In the pigmeat sector the market continued to be relatively stable in 1978, and the quantities exported were less than forecast, as were the rates of refund. These factors combined to keep expenditure relatively low in this sector compared with others. Nonetheless, there has been a steady increase in expenditure since 1976 in line with the steady expansion of production.

- (g) In the eggs and poultrymeat sector, primarily as a result of increased exports, expenditure on refunds was 7.5 m AUA more than forecast.
- (h) In the fruit and vegetables sector, expenditure was 39 m AUA less than expected, mainly as a result of the poor crop of apples and pears, which meant that the quantities withdrawn from the market were smaller than expected.
- (i) In the wine sector two successive poor harvests have brought about a situation in which the measures introduced to deal with surpluses have hardly been needed to be applied. The total expenditure of 62.5 m AUA amounted to only 28% of appropriations. It should be noted that the provisions to guarantee performance of long-term contracts have been very little used and that expenditure on distillation was virtually nil.
- (j) As regards raw tobacco, total expenditure was 27.5 m AUA below the forecast (237.4 m AUA). For some varieties the crop was less than expected, but there were serious difficulties in the disposal of oriental varieties, large quantities of which were taken into intervention. The quantities in public storage thus increased from 16 400 t at the end of 1977 to 21 600 t at the end of 1978. Compared with the estimates, expenditure was down 43 m AUA as regards the marketing premium and up 18 m AUA for public storage.
- (k) With regard to the other sectors, expenditure on aid in respect of dehydrated or dried fodder was 22.6 m AUA more than the 16.2 m AUA forecast. A major review of this sector was undertaken in 1978 with the object of encouraging Community production (see 1.1.2.E).
- (l) Finally, it should be pointed out that expenditure on refunds for certain goods obtained by processing agricultural products (non-Annex II products) exceeded the initial appropriations by 64 m AUA. This increase in expenditure was due to the high rates of refund on the basic products from which they are derived and also to the ever increasing quantities exported.

B. Accession compensatory amounts (AUAs)

These amounts were abolished on 1 January 1978. Expenditure recorded here thus relates to payments in respect of transactions in 1977.

C. Monetary compensatory amounts (MCAs)

The difference between the appropriations provided for in the budget (992 6 m AUA) and expenditure (717 m AUA) is accounted for mainly by the fact that it was decided in December 1977 to continue the system whereby the exporting Member State pays MCAs for the importing Member State in intra-Community trade with the United Kingdom and Italy, whereas the Budget assumed that this system would not be continued. Although, since the introduction of the EUA into the budget, continuing this system has not had any effect on total expenditure, it involved a substantial transfer of appropriations from the budget heading for MCAs to the heading for the dual rate. The reason for this was that the amounts in national currency of the MCAs granted, since they have the same value whether or not this system is applied, thus represent the same amount in EUA (including the dual rate). The application of this system, whereby the amount is paid in national currency by Member States whose currencies have appreciated against the pound and lira, increases the amount charged against the dual rate heading and reduces the amount charged against the MCA heading.

For the pound and the French franc, in particular, the levels of MCAs in 1978 were different from the assumptions on which the budget was based. In both cases, in general, MCAs were lower, leading to reduced expenditure for the United Kingdom and lower receipts for France.

D. The effect of the dual conversion rate

As mentioned in point 2.4, since 1978 the budget has been expressed in EUA. The dual rate effect thus represents, since then, the difference between the agricultural representative rates and the EUA rates. As mentioned above, the continuance of the system whereby the exporting Member State pays the MCA for the importing Member State has led to a transfer of appropriations of the order of 250 m u.a. from the MCA heading in the budget to the dual rate heading, which accounts for most of the difference between the estimates (712.9 m u.a.) and the expenditure recorded (1 155.5 m u.a.). Moreover, compared with the assumptions on which the Budget was drawn up, the representative rates were changed (by Council decision) in a way which, overall, increased the dual rate effect. Finally, the share of expenditure of certain Member States with an above-average dual rate coefficient is greater than expected.

TABLE 4

MCA levels applied in trade

Currency	Rates employed in the Budget (September 1977)	Rates recorded in 1978	
		Minimum	Maximum
DM	+ 7.5	7.2	11.1
BFR/LFR	+ 1.4	1.4	3.3
HFL	+ 1.4	1.4	3.3
FF	- 13.4	- 2.9	- 23.-
LIT	- 15.1	- 10.2	- 26.-
UKL	- 31.9	- 22.6	- 39.9
IRL	- 4.3	- 0.8	- 10.7

3.4. Breakdown of expenditure by type

The table at Annex G XII differs from those presented in previous reports in that a new column has been added showing the breakdown of intervention expenditure. It relates to the guidance premiums which are designed to have a direct influence on production. At present, these premiums are for the non-marketing of milk and the conversion of dairy herds to beef production, which are financed partly by the Guarantee Section (60%) and partly by the Guidance Section (40%) and calving premiums to aid the replenishment of cattle herds.

It can be seen from the table that:

- (a) expenditure on refunds has continued to increase in absolute terms as a result of the Community's export drive on the world market, particularly in respect of dairy products, cereals, sugar and Non-Annex II (processed) products. This expenditure in 1978 totalled 3 055,9 m AUA and represented about the same percentage as in 1976 and 1977 (about 45%).
- (b) as regards intervention expenditure in the strict sense, the largest item is again aid on the internal market in the form of price compensation (aid in respect of skimmed milk for animal feed and production aid for olive oil) which has considerably decreased in relative value (33% in 1977 and 27% in 1978). On the other hand, the costs relating to storage of intervention products and private storage have increased from 18,8% in 1977 to 24,4% in 1978.

With regard to so-called second category intervention expenditure, i.e. for intervention buying-in, storage and disposal of products, Annex G XII gives the breakdown (see point 3.3c of the Seventh Financial Report) by:

- cost of physical operations incidental to storage;
- interest charges on funds necessary for buying-in;
- expenditure representing the difference between the buying-in and disposal prices for products.

The large difference between the cost of buying-in and the proceeds from sales is explained as regards milk products and beef by the special measures which were taken to dispose of the intervention stocks of certain products with a view to increasing consumption. Moreover, this difference includes the amount of 247.4 m AUA for expenditure relating to the discretionary writing down of the value of stocks (see table 3).

- (c) Expenditure resulting from the monetary situation, particularly that on monetary compensatory amounts, was less than in 1977 (717 m AUA in 1978, against 859.5 m AUA in 1977) and represents 8.3% of total Guarantee Section expenditure. On the other hand, expenditure resulting from the application of different exchange rates (dual rate) increased substantially from 509 m AUA in 1977 to 1 155.4 m AUA in 1978. Total expenditure resulting from the monetary situation thus rose from 1 369.4 m AUA in 1977 to 1 872.4 m AUA in 1978, i.e. 21.5% of total Guarantee Section expenditure as compared with 20.6% in 1977.

3.5. Corrections to be made in the breakdown of expenditure by Member State as a result of the system whereby the exporting Member State pays the MCAs on intra-trade for the importing Member State

The system whereby the exporting Member State pays the MCAs in intra-Community trade for the importing Member State, based on Article 2a of Regulation EEC No 974/71 has been applied since 1976 in intra-Community trade with the United Kingdom and Italy to reduce the dual rate effect (see point 3.2.D of the Seventh Financial Report). Although, since the introduction of the EUA into the Budget, application of this system has not affected the level of total expenditure, the Council decided to continue the system in 1978 (see 3.3.C and D).

This system, of course, has the effect of modifying the breakdown of expenditure by Member State; the attached table shows these corrections, which are also taken into account at the end of Annex G VIII.

TABLE 5
Expenditure corrected pursuant to
Article 2a of Regulation EEC No 974/71
(the "Exporter-pays" system)

m EUA

Member State	Breakdown of expenditure, not corrected	Corrections	Breakdown of expenditure, corrected		
			Amount	% 1978	% 1977
Belgium	601.8	- 43.0	588.8	6.5	5.7
Denmark	806.3	- 238.5	567.8	6.6	6.4
Germany	2 489.0	- 172.9	2 316.1	26.7	16.7
France	1 739.4	- 288.5	1 450.9	16.7	19.7
Ireland	552.2	- 210.9	341.3	3.9	6.0
Italy	747.1	+ 418.4	1 165.6	13.4	19.2
Luxembourg	23.9	-	23.9	0.3	0.1
Netherlands	1 273.9	- 179.0	1 094.9	12.6	10.6
United Kingdom	439.0	+ 714.4	1 153.4	13.3	15.3
Total EEC	8 672.7	0	8 672.7	100	100

3.6. Agricultural levies

Agricultural levies and the levy on sugar production are part of the Community's own resources, but they are indicated here by way of information because of the close economic connection between them and certain expenditure by the EAGGF Guarantee Section.

Table 6 shows that the total of these resources continued to increase in 1978. In the case of the agricultural levies the increase resulted from the fall in world prices, despite the decline in imports. As regards sugar, the expansion of production in this sector caused the levies to rise.

Table 6: Levies under the common agricultural policy

m EUA					
Type of agricultural levy	1974	1975	1976	1977	1978
Import Levy	279.9	534.0	1 040.1	1 816.9	1 872.7
Sugar production Levy	81.0	86.0	133.2	320.8	406.3
TOTAL	360.9	620.0	1 173.3	2 137.7	2 279.0

As regards the sugar levies, annex G XIV shows, by way of information, the relationship between the levies charged and the reimbursement of storage costs since 1968/69 by sugar year. It should be noted that the aim of the common organization of the market in sugar is to establish long-term equilibrium between levies and reimbursements of storage costs.

3.7. Total cost of the Guarantee Section as percentage of the Community's gross domestic product at market prices (GDP)

Since agricultural levies increased little in comparison with gross EAGGF Guarantee Expenditure, net expenditure was substantially higher in 1978 than in 1977, primarily because of high compensatory amounts. Net expenditure by the EAGGF Guarantee Section thus represents a higher percentage of the Community's gross domestic product at market prices than in 1977: 0.41% as compared with 0.34% (see Annex G XIII).

TITLE II

CASH POSITION AND FINANCIAL ADMINISTRATION

In the 1978 financial year the initial appropriations entered in the budget (Chapters 44, 45 and 46 and Titles 6 and 7) proved sufficient (8 695.25 m EUA).

With a transfer of appropriations of 16 m EUA to Chapter 83 and the non-automatic carryover from 1977 (24 m EUA) the total appropriations available amounted to 8 703.25 m EUA.

At the end of the financial year almost all the appropriations had been made available to the Member States (8 700.6 m EUA).

The budget for the 1978 financial year was the first to be expressed in European units of account (EUA).

For the EAGGF Guarantee Section appropriations are expressed in agricultural units of account under each item, whereas the total is expressed in EUA; the difference is entered in Chapter 46.

Expenditure effected in the currencies of the Member States was entered against each budget item after conversion into agricultural units of account by applying the coefficients fixed in Commission Regulation (EEC) No 724/78¹, while the monthly total of the same expenditure was converted into EUA using the rates applicable on the 20th of the second month preceding that in which the expenditure was incurred by the authorized departments and agencies.

These coefficients and rates and the average rates for the year obtained by dividing the total expenditure expressed in national currencies by the total expenditure expressed in EUA are reproduced for information in Annex G II.

The use of 12 monthly rates for the conversion of expenditure into EUA has necessitated the adjustment of certain tables contained in the body of this report and in the Annex.

¹ OJ No L 98 of 14 April 1978 p 9

The exchange differences resulting from the adjustment of the balance of appropriations in the hands of Member States after expenditure for each month has been taken into account are entered in the appropriate Budget heading (Chapter 45). The total differences in 1978 are given in Annex G VIII.

With effect from 1 January 1978 Commission Regulation (EEC) No 380/78¹ replaced Regulation (EEC) No 2697/70 (see point 2.2.).

4. The cash position

The Member States communicate to the Commission each month information, prepared by the departments and agencies authorized to make payments, concerning the cash position, the payments made in the previous month and estimated expenditure for the current and following two months.

On the basis of this information the Commission, after consulting the EAGGF Committee, determines and pays out each month to the Member States the advances required by the paying departments and agencies until the end of the following month, i.e. the last month covered by the expenditure estimates.

If the funds made available to a Member State are likely to be exhausted before the date on which the next advance is due, a special advance may be decided on.

The Member States allocate the funds received between the paying departments.

¹ OJ No L 56 of 27 February 1978 p 1

4.1. Advances to Member States (Annexes G IV and G V)

In accordance with Articles 4 and 5 of Regulation (EEC) No 729/70 and Regulation (EEC) No 380/78 the Commission decided on 19 advances, 7 of them special ones, for the 1978 financial year. Six of the special advances were for one Member State and were made necessary by the fact that expenditure for the months of March, May, July, September and October were underestimated, and one concerned seven Member States and was required by reason of the application of Article 8 of Regulation (EEC) No 1883/78¹ (method of valuing products in intervention stocks at 31 December 1978).

In respect of expenditure relating to the premiums for the non-marketing of milk and the conversion of dairy herds, which are financed by both the Guarantee Section (60%) and the Guidance Section (40%) the Commission adopted 13 decisions on advances, including one special advance made necessary through an underestimate of expenditure for June.

In this part of the report this expenditure is shown in toto for cash position purposes and as to 60% for budgetary purposes.

4.2. Funds available in the Member States during the financial year²

Apart from the balance of 417.4 m EUA on 1 January, the Member States had at their disposal during the 1978 financial year advances totalling 8 354.2 m EUA.

Total funds available were 8 771.6 m EUA, of which 8 700.6 m EUA were for the Guarantee Section and 71 m EUA for the Guidance Section.

Of these funds 8 737.7 m EUA were spent, leaving a balance of 33.9 m EUA on 31 December 1978.

¹ OJ No L 216 of 5 Aug 1978 p 1

² see table 5

T A B L E N O 7
FUNDS AVAILABLE TO AND EXPENDITURE BY MEMBER STATES FOR THE 1978
FINANCIAL YEAR

MEMBER STATE	Funds available on: 31 Dec. 77 m u.a. (1)	Corrections	Corrected funds available		Advances for 1978 financial year (including exchange differences) m EUA	Total available for 1978 financial year m EUA	Expenditure from 1 Jan 78 to 31 Dec 78	Available on 31 Dec 78	Utilization of advances
			on 31 Dec. 77 m u.a.	on 1 Jan 78 equivalent in m EUA					
	(a)	(b)	(c)=(a + b)	(d)	(e)	(f)=(d)+(e)	(g)	(h)=(f)-(g)	(i)=g/f.100
BELGIUM	7.6	(2) token entry	7.6	9.2	598.4	607.6	603.-	4.6	99.2
DENMARK	6.1	-	6.1	6.3	815.3	821.6	811.1	10.5	98.7
GERMANY	28.7	(2) + 2.4	31.1	43.5	2 471.2	2 514.7	2 524.6	- 9.9	100.4
FRANCE	129.1	(2) + 3.6	132.7	130.2	1 671.4	1 801.6	1 755.-	46.6	97.4
IRELAND	- 1.4	-	- 1.4	- 0.9	558.3	557.4	552.5	4.9	99.1
ITALY	291.7(4)	(3) + 6.6	298.3	182.1	557.1	739.2	747.2	- 8.-	101.1
LUXEMBOURG	0.5	(2) token entry	0.5	0.7	23.6	24.3	24.2	0.1	99.6
NETHERLANDS	23.7	(2) + 0.9	24.6	31.6	1 227.6	1 259.2	1 277.1	- 17.9	101.4
UNITED KINGDOM	22.8	-	22.8	14.7	431.3	446.-	443.-	3.-	99.3
TOTAL	508.8	13.5	522.3	417.4	8 354.2	8 771.6	8 737.7	33.9	99.6
		of which - Guarantee		408.2	8 292.4	8 700.6	8 672.8(5)	27.8	99.7
		- Guidance		9.2	61.8	71.-	64.9	6.1	91.4

(1) Guarantee + milk premiums 100%.

(2) Milk premiums 40%.

(3) Decrease in AIMA 1st category expenditure.

(4) These available funds are partly due to the effects of the transfer mechanisms for intervention products (see 7th financial report).

(5) Including an amount of 0.1 m u.a. due to the modification of the decisions for audit and clearance of accounts 1971 and 1972.

TABLE NO 8
PERCENTAGE USE OF COMMUNITY FUNDS
IN THE 1978 FINANCIAL YEAR

(Guarantee + Non Marketing and Dairy Herd Conversion Premiums at 100%)

m EUA

MEMBER STATE	Mean level of Community funds available in the Member States for one month's expenditure (see Annexes G VI and G VII lines C)	Mean balance available after one month's expenditure (see Annexes G VI and G VII lines E)	Mean percentage utilization
	(a)	(b)	$(c) = \frac{(a)-(b)}{(a)} \cdot 100$
BELGIUM	56.8	6.6	88 %
DENMARK	69.9	2.3	97 %
GERMANY	251.9	41.4	84 %
FRANCE	224.1	77.8	65 %
IRELAND	51.-	5.-	90 %
ITALY	154.5	92.3	40 %
LUXEMBOURG	2.4	0.4	83 %
NETHERLANDS	96.2	-10.3	111 %
UNITED KINGDOM	44.3	7.4	83 %
EEC	951.1	222.9	77 %

4.3. Percentage utilization of the funds available

A comparison of expenditure in the 1978 financial year with the funds available to Member States for that year shows that 99.6% of the funds made available were used (Table 7 column i).

A comparison of the funds available to meet each month's expenditure in the Member States with funds remaining after payment of expenditure (Table 8) shows an average utilization of 77%.

This rate is a distinct improvement on 1977 (64%). An analysis of the basic data (Annexes G V and G VI) shows that a further improvement is possible, especially in Italy and France.

5. Financial administration

5.1. Summary of available appropriations

Initial budget	8 695 250 000	EUA
Transfer to Chapter 83	- 16 000 000	EUA
Non-automatic carry-over from 1977 to 1978 (co-responsibility)	+ 24 000 000	EUA
	<hr/>	
	8 703 250 000	EUA

5.2. Transfer of appropriations

The way in which expenditure developed during the financial year led the Commission to propose a two-stage transfer of appropriations between chapters within the EAGGF Guarantee Section:

- (a) The supplementary and amending budget No 2 was concerned only with transfers within Chapter 62 (breakdown of expenditure relating to co-responsibility);
- (b) After the Commission had received the statements of expenditure up to 31 July 1978 and the estimates for the following three months, it appeared that appropriations would be insufficient in some sectors; the Council, acting on a proposal from the Commission, accordingly on

TABLE N°9
Transfers of appropriations

1 000 EUA

Chap.	Sector	Initial budget for 1978	Transfers of appropriations		Non-automatic carry-over of appropriations from 1977	Total appropriations available (1)
			to article 83	within EAGGF Guidance		
		(a)	(b)	(c)	(d)	(e)
60	Cereals	1 428 300	- 14 000	- 414 742		999 558
61	Rice	36 600		- 19 883		16 717
62	Dairy products	2 895 850		+ 478 454	+ 21 783	3 396 087
63	Oils and fats	413 300		- 79 426		333 874
64	Sugar	812 500		- 42 290		770 210
65	Beef and veal	460 800		+ 105 944		566 744
66	Pigmeat	84 500		- 46 220		38 280
67	Eggs/poultry-meat	25 400		+ 8 278		33 678
68	Fruit/vegetables	139 200		- 38 999		100 201
69	Wine	224 300		- 161 780		62 520
70	Tobacco	237 400		- 27 487		209 913
71	Fishery products	18 000		- 3 979		14 021
72	Alcohol	token entry				token entry
73	Other sectors	63 600		+ 17 945		81 545
74	Refunds on processed prods.	120 000		+ 64 353		184 353
44	ACAs	30 000		- 6 880		23 120
45	MCAs	992 600		- 275 643		716 957
46	Dual rate	712 900	- 2 000	+ 442 355	+ 2 217	1 155 472
	Total	8 695 250	- 16 000	0	+ 24 000	8 703 250

(1) Fully utilized except 30 430 739.03 EUA in Chapter 62 for which a carry-over to 1979 has been requested.

12 February 1979 approved transfers to meet expenditure in the following sectors: milk and dairy products (+ 425 m EUA), non-Annex II products (+ 57 m EUA), beef and veal (+ 120 m EUA), eggs and poultry-meat (+ 5m EUA), other sectors (+ 15 m EUA) and dual rate (+ 207 m EUA).

- (c) In the light of total expenditure incurred in 1978 a final series of advances was decided on by the Council on 9 April 1979.

5.3. Expenditure

5.3.1. Expenditure taken in charge

Expenditure declared by the Member States as having been paid up to 31 December 1978 and charged against the Guarantee Section for the 1978 financial year amounts to 8 672 699 601.87 EUA.

Of this total, 15.45% represents expenditure connected with public intervention, 71.23% export refunds and other intervention measures and 13.2% the costs arising from application of different exchange rates.

A detailed analysis of expenditure by sector is given in the first part of this report in Table 2 and in Annex G VIII. The breakdown of expenditure by Member State is given in the table below.

This breakdown should be treated with caution because the time taken to make payments can vary considerably from one Member State to another and the expenditure made by the paying agencies in a given Member State cannot be considered as its own, since the Community is a single economic entity.

Table 10
Breakdown of 1978 expenditure by Member State
and type of financing¹

Member State	Refunds	Intervention	Dual rate	Totals 1978		1977
	m EUA	m EUA		m EUA	%	%
BELGIUM	326.1	164.0	111.7	601.8	6.94	6.29
DENMARK	295.6	366.9	143.8	806.3	9.30	9.39
GERMANY	580.8	1 284.4	623.8	2 489.0	28.70	18.72
FRANCE	890.2	785.0	64.2	1 739.4	20.06	23.62
IRELAND	161.5	332.8	57.9	552.2	6.37	8.84
ITALY	98.9	695.1	-46.8	747.2	8.61	14.41
LUXEMBOURG	1.6	17.8	4.5	23.9	0.27	0.12
NETHERLANDS	595.1	440.6	238.2	1 273.9	14.69	13.33
UNITED KINGDOM	304.6	176.3	-41.9	439.0	5.06	5.28
EEC TOTAL	3 254.4	4 262.9	1 155.4	8 672.7	100.-	100.-

¹This takes no account of corrections to the breakdown of expenditure by Member State arising from the system whereby the exporting Member State pays MCAs in intra-Community trade for the importing Member State (see Table 5) nor of the movement of receipts between intervention agencies resulting from the transfer of products at a "zero" price.

5.3.2. Budget expenditure

The declarations of expenditure incurred by Member States up to 31 December 1978 were scrutinized by the staff of the EAGGF Guarantee Section and gave rise to a number of commitments and payments against the budget.

5.3.2.1. Commitments

Periodically two types of commitment are made: global commitments for funds available to Member States for payments and specific commitments by budget item based on payments by the paying departments.

The total amount of expenditure committed for 1978 includes, in addition to the expenditure paid during the financial year, 119 659.10 EUA resulting from the amendment of the clearance decisions relating to 1971 and 1972¹.

Amount available to Member States at the beginning of the 1978 financial year	408 254 022.75 EUA
Advances to Member States for 1978	8 292 374 456.36 EUA
Total global commitments	8 700 628 479.11 EUA
Specific commitments by budget item	8 672 819 260.97 EUA ²
Balance of global commitments to be released and carried over to 1979	27 809 218.14 EUA

5.3.2.2. Payments charged

(a) 1978 expenditure

The expenditure charged against the 1978 financial year is exactly equal to the specific commitments. This was achieved through Article 9 of Regulation (EEC) No 380/78 which clarified the definitions of payment to be applied by the paying agencies and through the measures taken by the paying agencies (particularly in Italy) to comply with them.

(b) 1977 expenditure

The corrected AIMA expenditure for 1977 totalling 605 785 104.57 EUA was also charged to the 1978 budget as a payment.

¹Commission Decision 78/710/EEC of 28 July 1978 - OJ NO L 238

²of which 24 000 000 EUA in carry-overs.

5.4. Carry-overs

5.4.1. Use of appropriations carried over from 1977 to 1978

The appropriations carried over from 1977 to 1978 were used as follows:

Appropriations automatically carried over (specific commitment)	609 814 454.78 EUA
Non-automatic carry-overs ¹	24 000 000.00 EUA
	<hr/>
	633 814 454.78 EUA
Payments charged	629 785 104.57 EUA
	<hr/>
Appropriations lapsed	4 029 350.21 EUA ²

5.4.2. Carry-overs from 1978 to 1979

As envisaged during the procedure for approval of the 1979 Budget, the Commission has proposed to the budgetary authority that the appropriations outstanding on 31 December 1978 under Item 6240 (Financial contribution by the Guarantee Section to premiums for the non-marketing of milk and dairy herd conversion), amounting to 30 430 739.03 EUA, be carried over.

5.5. Summary of use made of appropriations

Appropriations available (see 5.1.)	8 703 250 000.00 EUA
Payments charged	8 672 819 260.97 EUA
	<hr/>
Unused appropriations proposed for carry-over to 1979	30 430 739.03 EUA

This situation is summed up in Annex G I. The correspondence between payments charged, specific commitments and available appropriations makes tables G II and G III which were included in the Annex to the financial report for the 1977 financial year unnecessary.

¹ From these appropriations expenditure in the 1978 financial year to promote the expansion of markets in milk products has been committed and charged against the budget.

² Corresponding to the corrections to 1977 expenditure by AIMA.

TITLE III

VERIFICATIONS AND IRREGULARITIES

6. Verifications

6.1. Characteristics

6.1.1. General

Since the Member States are responsible for giving effect to Community rules it is they who keep the accounts and the detailed supporting evidence relating to most EAGGF expenditure and revenue. For this reason inspection visits, which the Commission has continued and developed in 1978 are of particular importance.

In this connection, the Commission staff operate a variety of checks on expenditure financed by the EAGGF. To make these checks more effective the Commission decided on 25 January 1978 to set up an interdepartmental working Group responsible for coordinating inspection visits to Member States in connection with the Community's own resources and with expenditure financed by the Guarantee Section of the EAGGF.

6.1.2. The different kinds of verification

(a) According to the officials responsible for the checks one can differentiate between two categories:

- checks carried out by Commission officials: (first and second subparagraphs of Article 9(2) of Regulation (EEC) No 729/70)
 - . verification at the time of the validation of expenditure (specific items or relating to a specific period (audit and clearance of accounts),
 - . specific inquiries,
 - . selective checks;
- checks carried out by national authorities at the request of the Commission and in which Commission officials may take part (third subparagraph of Article 9(2) of Regulation (EEC) No 729/70 and Article 6 of Regulation (EEC) No 283/72).

(b) as regards the responsibility for the various checks carried out by Commission officials, verifications made at the time of the validation of expenditure (specific items or relating to a specific period) in connection with the audit and clearance of accounts are the responsibility

of the authorizing department. The Commission has given responsibility for special inquiries to the authorizing department and for selective checks to Financial Control without giving either of these two departments an exclusive verification role.

The Commission's Directorates-General for Agriculture and Financial Control work together in carrying out these checks and the department taking charge depends on which department initiated the measure and which has staff available for the purpose.

(c) The objectives of the various kinds of verification differ.

- Controls in connection with the audit and clearance of accounts are of a systematic nature and are organized by the authorizing department. Depending on the nature of the check, a programme is drawn up for either one or two consecutive years.
- Special inquiries are initiated for specific reasons, for example in individual cases arising where EAGGF funds are at risk or in order to ensure correct application of Common Agricultural Policy (CAP) provisions which have financial implications.
Furthermore, DG VI as the department responsible for managing the CAP undertakes information visits to ensure that the Community provisions are correctly applied and that Community finances are properly managed. These visits are part of the day-to-day management of the CAP and its financing.
- Generally, the selective checks cover all the Member States and are directed towards problems encountered in a specific sector or field.
- National controls undertaken at the Commission's request are:
 - . either, in agreement with the Member State concerned, verifications or inquiries relating to nationally effected operations financed by the EAGGF, in which the Commission officials may participate if they wish;
 - . or administrative inquiries, in which Commission officials may participate, initiated by the competent authorities of a Member State when the Commission so requests on the grounds that it considers that irregularities or negligence have occurred.
 - . The last type of inquiry is described in more detail under Title 7 "Irregularities, Guarantee Section" (7.1.5.). The controls made at the Commission's request referred to in the first indent and in respect of which inquiries are in progress can be summarized as follows:

- Community aid to organizations of fruit and vegetable producers in two Member States; the functioning of these organizations has not always been satisfactory;

- the final destination of exports of sugar to a third country; one Member State has been asked to undertake an inquiry to establish whether the place of delivery indicated was in fact correct.

6.2. Inspection visits in connection with the annual audit and clearance of accounts

Inspection visits in connection with the audit and clearance of accounts are dealt with in Title IV. They were concerned mainly with the checking of the accounts for 1974 and 1975. In 1978 they represented a total of 273 days' work, 194 by the EAGGF staff, 10 by staff of other departments of the Directorate-General for Agriculture and 69 by Financial Control staff.

6.3. Special inquiries and information visits

The staff of the EAGGF and the departments responsible for agricultural markets in the Directorate-General for Agriculture spent a total of 103 days in 1978 on special inquiries and information visits, including the days when Commission officials took part in inquiries undertaken at the request of the Commission by the national departments (see 6.1.2.d).

Participation by Financial Control in these operations represented 15 days' work, bringing the total of working days spent in checking this sector of activity to 118 days.

These inquiries and information visits related to eight different subjects:

(a) Butter at reduced prices for use in industry (confectionery, pastries and ices)

Twelve days were used to pursue the inquiry started in 1977 on intra-Community trade in butter sold at reduced prices for the manufacture of confectionery, pastries and ices.

The inquiry continued with inspection visits in Germany and Denmark. A document summarizing the results of the inspections undertaken in several Member States in 1977 and 1978 was submitted to the "EAGGF Irregularities" Group in January 1978 with a view to deciding what action needed to be taken, in particular with regard to recoveries by the EAGGF. (See also 7.1.6.)

The outcome was a claim for about FB 30 million and HFL 2.6 million representing securities forfeited for failure to prove the final destination of the butter. Work is continuing concerning butter for which securities were released on the basis of control copies wrongly endorsed by the customs service of a Member State.

(b) Functioning of fruit and vegetable producer organizations

Forty days were spent in collecting information on the functioning of organizations of fruit and vegetable producers in three Member States. Information had reached the Commission that certain fruit and vegetable producer organizations which were recognized in the Member States under Regulation (EEC) No 1035/72 were not applying correctly the Community rules on the concentration of supplies from member producers and the marketing of production with the object of regulating markets.

The results of these visits led the Commission to initiate an inquiry, under Article 9(2) of Regulation (EEC) No 729/70, with regard to two Member States. For the purpose of these inquiries it was requested that the Commission staff be permitted to join the national teams responsible for the verifications.

Nine days were taken up in participation by Commission officials in this inquiry by the national departments of a Member State. Their programme of work is in course of fulfilment and a final report will be drafted on the basis of the reports submitted by the Member States concerned.

(c) Suspected exports of sugar not eligible for refunds

Seven days were spent in checking how licences for export of sugar to non-member countries were being used. Suspicion of irregularities led Commission staff to verify that export refunds had not been granted for exports of sugar which were not by reason of the application of Regulation (EEC) No 2645/70 (as amended by Regulation (EEC) No 458/73) entitled to them. These verifications have not yet been completed.

(d) Possible irregularities and other anomalies with regard to intervention buying-in of olive oil

Fourteen days were taken up in examining in a Member State the conditions pertaining to the buying into intervention of 4 000 tonnes of lampante olive oil which operators subsequently objected to when it was sold by the intervention agency because of its poor quality. Samples were taken which were subsequently analysed by specialized laboratories. The results of these analyses enabled the EAGGF to decide what should be done from the financial standpoint and what measures were needed to recover the amounts unduly paid.

The EAGGF staff also spent three days examining olive oil from the 1976/77 and 1977/78 marketing years still stored by one intervention agency. It was necessary to downgrade certain lots of oil because of the length of time in storage, and this was done.

(e) Incident with financial consequences concerning the buying-in of beef

One lot of 2 000 tonnes of frozen meat bought into intervention as steers ("Vitelloni") was objected to by purchasers taking part in tendering procedures opened by the intervention agency in one Member State, since the meat offered for sale seemed to be "cow meat". After an inspection (four days) the EAGGF refused Community financing and requested the Member State to credit the EAGGF account with the amount paid for the bought-in meat.

(f) Transfer to Italy of intervention cereals from other Member States

Eight days were devoted to the verification of the conditions under which intervention cereals had been transferred from Germany, Belgium, France and the Netherlands to Italy in 1976 and 1977 with particular reference to the deterioration in quality of certain of the quantities transferred; a deterioration which had occurred in Italy.

This inquiry has not yet been completed, but the results so far seem to confirm the fairness of the financial measures taken by the Community with regard to the sale of deteriorated cereals. The inquiry also provided other useful information on the implementation of similar Community measures.

(g) Examination in detail of cases of irregularities discovered by a Member State

Six days' work locally were needed to collect sufficient information on 17 cases of irregularities notified in connection with Regulation (EEC) No 283/72, so that they could be included in the EAGGF "Compendium of Irregularities".

6.4. Selective checks

In 1978 sixty working days were spent on selective checks by Financial Control and thirty days by the Directorate-General for Agriculture.

6.4.1. Checks on private storage

Selective checks were carried out at the national intervention offices and at various storage depots in order to ascertain that the obligations laid down in the relevant Community Regulations were being respected. The Commission asked the Directorate-General for Financial Control, in agreement with DG Agriculture, to send a letter to the Member States commenting on matters arising from these checks. These comments related mainly to the impossibility of identifying individual lots during the storage period. The checks also emphasized the need to intensify certain national controls rather than to re-think the whole system. At the same time the checks enabled the DG VI staff to draw conclusions which they will bear in mind in framing future Community regulations.

6.4.2. Selective checks relating to MCAs

These checks, which are still in progress, were carried out at the various intervention offices and at several customs offices and concern:

- (a) the consistency of national administrative practices with Community Regulations and the guarantees which they provide with regard to the total amount to be levied;
- (b) the nature and validity of the supporting documents required for payment of the MCAs;
- (c) the conditions under which the procedures referred to above are implemented and verified;
- (d) the physical checks undertaken by the national departments to prevent irregularities detrimental to the EAGGF;
- (e) the division of responsibilities between the customs services and the paying agencies.

The results of the initial visits showed that:

- the separation of responsibilities between paying agencies and customs departments presents control problems;
- the checking of customs documents used as supporting documents for payments needs to be improved;
- internal checks at one intervention office need to be improved.

6.4.3. Selective checks in certain sectors

(a) Wine

The check requested by the French authorities concerning aid for voluntary distillation of wine was a follow-up to the check carried out on 20-24 June 1977.

This check revealed imperfections in the system of receipts for the release of security (acquits à caution) used in calculating the amount of the aid and these have been pointed out to the departments concerned.

(b) Sales of beef in Italy at reduced prices

A check was made on the transfer of 40 000 t of frozen intervention beef to Italy which led to certain conclusions being drawn on the commercial and control aspects of this operation.

7. Irregularities, Guarantee Section

7.1. Implementation of Council Regulation (EEC) No 283/72¹

Regulation (EEC) No 283/72 the mechanisms of which were described in detail in the 1972 Report (Second Financial Report, Article 6.1), lays down certain rules on the implementation of Article 8 of Council Regulation (EEC) No 729/70² which stipulates that Member States must take the necessary measures to:

- ensure that transactions financed by the Fund are actually carried out and are executed correctly,
- prevent and deal with irregularities,
- recover sums lost as a result of irregularities or negligence, and inform the Commission of the measures taken and the progress of administrative and legal proceedings.

The EAGGF has always attached great importance to the application of Regulation 283/72 as a means of improving cooperation with the authorities of the Member States in combating irregularities.

The reports submitted by the Special Committee of Inquiry have emphasized the importance of the means which this Regulation provides.

7.1.2. Communication of the provisions laid down by law, regulation or administrative action and a list of the departments and agencies responsible for the prevention and prosecution of irregularities (Article 2)

As in previous years, because of more urgent work in the campaign against irregularities, there was little opportunity in 1978 to follow up the analysis of the communications that have been sent to the Commission by Member States in 1973 and subsequently, important though this is.

¹ OJ No L 36 of 10 Feb 1972 p 1

² OJ No L 94 of 28 April 1970 p 13

However, the study of one Member State's provisions in connection with one particular aspect of application led the Commission's legal service to consider whether it might possibly be necessary to reactivate the procedure provided for in Article 169 of the Treaty which has been temporarily suspended.

7.1.3. Communication by Member States of irregularities (Articles 3 and 5)

It appears to be necessary to review the ways in which these Articles are being applied in order to standardize them where necessary.

Differences in the procedures adopted in Member States could be the cause of the discrepancies which have been noticed in the number of irregularities communicated to the Commission.

7.1.4. Communication of irregularities likely to have immediate effect in other Member States and of new fraudulent practices (Article 4)

At the restricted meeting of the "EAGGF Irregularities" Group on 17 April 1978 agreement was reached on the procedure for sending out and numbering rapid communications under Article 4 of Regulation 283/72. The Member States and the Commission have made use of this system on 21 occasions. The matters involved all seven areas of common market organization namely beefmeat, pigmeat, eggs, dairy products, cereals, fruit and vegetables and fisheries.

As in previous years, the dairy sector remains the most important, by reason of the number of different measures in this sector, and the high level of expenditure.

The action to be taken on these communications is also now discussed at restricted sessions, thereby permitting very useful exchanges of views. The cases are summarized below.

Those of them which became the subject of primary administrative or judicial findings gave rise to communications under Article 3 of Regulation No 283/72.

Other cases consist of the detection of attempted irregularities or suspected irregularities.

7.1.5. Initiation of administrative inquiries at the request of the Commission (Article 6 of Regulation 283/72)

Three inquiries were launched in 1978, in the oils and fats sector, into intervention measures in the dairy products sector, and into import and export between two Member States of a product made from concentrated butter. Two inquiries have not yet been completed; for one the facts established lead to the conclusion that there has been no irregularity to the detriment of the Fund.

Furthermore, before starting a formal inquiry under Article 6 of Regulation 283/72 the Commission staff have, in the cases referred to below, adopted the so-called "pre-6" procedure which consists of asking Member States for information on possible irregularities or attempts.

Information received to date in this context, (with one exception which has been the subject of an Article 4 communication to all Member States) has allowed one to conclude that there have been no manifest irregularities.

7.1.6. Convening of information meetings to assist Member States (Article 7(3))

Four meetings of the "EAGGF Irregularities" Group took place in 1978.

They brought together mainly national officials responsible for investigating and prosecuting irregularities. Following the discovery in 1977 of major irregularities involving a senior official of a Community paying agency, the Member States have been requested to give information on the way in which the documents required for the granting of Community refunds and amounts are processed by the paying agencies. A document summarizing all the procedures employed has been drawn up by the Commission staff for their own and Member States' information.

Three restricted sessions were held, which permitted the confidential exchange of technical information to be held on the most recent irregularities communicated under the terms of Article 4 Regulation No 283/72 (see also 7.1.4.).

A fourth meeting was held to examine a working paper on irregularities and controls in connection with the application of Regulations (EEC) Nos 1259/72 and 232/75 on the sale of butter at reduced prices for the manufacture of pastry products and ices.

It should be noted that in addition three meetings of ad hoc groups were held, considering the particular problems arising in connection with recovery from the firms involved in the supply of butteroil as food aid, and in the purchase of butter for the manufacture of pastry goods and ices but diverted from that end use.

7.1.7. Possible loop-holes in Community legislation (Article 7(4))

Two communications have been received under this Article. One concerns Community transit of agricultural produce. The Community Transit Committee is examining possible solutions to the problem. The second concerns a problem of tariff classification.

Three communications pursuant to Article 4 of Regulation No 283/72 also prompted the Commission services to study whether the Community rules did not contain lacunae (fisheries sector, export refunds, system of MCAs).

7.1.8. Communications in respect of irregularities concerning less than 1 000 u.a. (Article 11)

Member States have been requested to communicate the number of cases of irregularities broken down into sectors, detected between 1 July 1977 and 1 July 1978 which concern sums of less than 1 000 u.a. so that a review can be carried out of the whole irregularities situation over a specific period and so that an answer can be given to a question put in the European Parliament.

The answers received up to now do not provide any particularly interesting information (for 7 Member States; 10 180 EUA).

7.1.9. Community measures relating to the training and briefing of EAGGF inspectors (Article 7(3) of Regulation No 283/72)

Article 315 of the General Budget of the European Communities (training of officials responsible for the supervision of EAGGF expenditure) has enabled a seminar to be organized at Community level on the application of Council Directive 77/435/EEC of 27 June 1977¹.

The purpose was mainly to study arrangements which would facilitate its application (centralized documentation system, interdepartmental coordination on controls) and certain other matters (100 000 u.a. parameter, sale of intervention products at reduced prices, second category intervention expenditure, mutual assistance as provided for under Article 7). The seminar took place in Brussels on 13, 14 and 15 December 1978.

The contributions in the form of papers by representatives of Member States, provided instructive and comparative information which was of particular value. All these papers have been assembled in a single document.

Conclusions were formulated as regards the points which needed to be looked into in more detail and the arrangements which would facilitate application of the Directive in the Member States.

7.2. The cases of irregularity

7.2.1. 1978

Of the 117 cases communicated, 20 concerned dairy products, 19 beef and veal, 4 cereals, 4 fisheries, 4 non-Annex II products, 2 pigmeat, 1 wine, 1 oils and fats, 1 tobacco, 1 sugar and 1 food aid.

58 cases concerned monetary compensatory amounts and 1 case accession compensatory amounts.

¹On scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the EAGGF.

7.2.2. Export refunds and compensatory amounts

As regards refunds the same fraudulent practices are still occurring: false declarations (destination, nature, quantity, quality, weight, tariff classification).

Despite tighter controls, particularly at the frontier between two Member States, dishonest operators still profit too often from fluctuations in exchange rates in the case of monetary compensatory amounts.

7.2.3. Market intervention measures

In 1978 no new fraudulent practices detrimental to Community funds have been detected.

7.2.4. Financial magnitude of the irregularities detected and communicated under Articles 3 and 5 (cases relating to amounts above 1 000 EUA)

In 1978 there were 117 cases of irregularities, amounting in all to 3 m EUA.

The table below shows, year by year, the number of irregularities, the amounts involved and the sums recovered.

For 1978 Annex G XV gives the breakdown of these cases by Member State and by sector.

In 1978, there was a drop in the number of cases communicated, and the total of the funds fell by a proportionally greater amount.

It should, however, be noted that 1977 was a year in which several cases involving extraordinarily large sums were detected.

The fewer cases compared with 1976 and 1977 can be explained by the improvement in the procedure for collecting MCAs in one Member State. Of course the combined efforts of Member States and the Commission to combat irregularities must also be expected to have borne fruit, but any complacency with the 1978 result would be unwise since dishonest operators will continue their activities and our figures necessarily only reflect a proportion of actual cases.

The attempted irregularities (18 cases), which are always very interesting to study so that other attempts can be forestalled, are not reflected in the tables because they have no financial effect.

Table No 11
EAGGF Guarantee-Cases of irregularity -1971-1978
and amounts recovered
amounts in EUA

	1971		1972		1973		1974		1975		1976		1977		1978		Total 1971-1978	
	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount	num ber of cas es	amount
cases commu nica ted	8	10 986 671	20	2 368 976	50	1 498 605	90	4 471 836	138	3 525 333	239	6 135 009	152	9 534 426	117	2 999 928	814	41 520 784
of which reco vered	7	10 866 942	16	967 720	39	680 363	69	1 188 353	99	1 551 467	102	2 426 831	61	2 196 944	52	1 039 983	445	20 918 608

To simplify the comparison between the amounts for the various years the conversion into EUA for all years has been done on the basis of the average rates for 1978 (See Annex G II, 3).

TABLE NO 11A
 EAGGF GUARANTEE CASES OF IRREGULARITIES AND RECOVERIES
 1971-1978
 AMOUNTS GIVEN IN EUA

MS	1971		1972		1973		1974		1975		1976		1977		1978		TOTAL MS	
B	-	-	-	-	6	8 397	-	-	1	5 130	3	12 370	4	1 532 452	-	-	14	1 558 349
	-	-	-	-	2	8 397	-	-	1	5 130	2	4 114	-	55 314	-	-	5	72 955
D	4	10 964 819	15	965 085	30	224 038	63	963 543	70	1 954 783	89	2 428 094	49	2 387 302	49	887 859	369	20 775 523
	3	10 845 090	15	965 085	29	222 243	54	381 925	60	435 568	72	877 221	32	1 009 961	37	681 166	302	15 418 259
DK	-	-	-	-	1	8 496	7	742 026	26	597 320	1	3 447	14	418 472	11	172 665	60	1 942 426
	-	-	-	-	1	8 496	6	368 779	26	597 320	1	3 447	12	272 706	6	68 838	52	1 319 586
FR	-	-	5	1 403 891	7	984 636	5	2 313 184	8	203 834	5	517 506	8	23 081	9	187 892	47	5 634 124
	-	-	1	2 635	4	420 295	1	1 158	4	127 592	2	12 289	2	5 205	4	32 067	18	601 241
IRL	-	-	-	-	1	16 227	1	335 211	2	330 820	11	936 544	5	378 550	1	2 645	21	1 999 997
	-	-	-	-	1	16 227	1	335 211	1	330 820	3	465 118	1	182 355	1	2 645	8	1 332 376
I	-	-	-	-	3	252 106	7	18 865	20	119 250	2	2 081	5	1 162 294	1	?	38	1 554 596
	-	-	-	-	-	-	1	2 273	-	-	-	-	-	-	-	-	1	2 273
L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NL	4	21 852	-	-	1	3 873	7	99 007	7	55 037	2	4 776	9	927 600	3	7 065	33	1 119 210
	4	21 852	-	-	1	3 873	6	99 007	7	55 037	2	4 776	7	14 441	3	7 065	30	206 051
UK	-	-	-	-	1	832	-	-	4	259 159	126	2 230 091	58	2 704 675	43	1 741 802	232	6 936 559
	-	-	-	-	1	832	-	-	-	-	20	1 059 866	7	656 962	1	248 207	29	1 965 867
CEE	8	10 986 671	20	2 368 976	50	1 498 605	90	4 471 836	138	3 525 333	239	6 135 009	152	9 534 426	117	2 999 928	814	41 520 784
	7	10 866 942	18	967 720	39	680 363	69	1 168 353	99	1 551 467	102	2 426 331	61	2 196 911	52	1 039 988	445	20 918 608

Notes: Upper line: total number of cases communicated and amount of money involved.

Lower line: number of cases when there has been a recovery and amount of money involved.

In Germany, 154 cases of irregularities communicated between April 1971 and July 1976 (the majority being in 1975-1976)

related to a single special intervention measure (69/287/EPC) which applied from 5 August to 1 Oct 1969. In the United Kingdom

130 cases of irregularities concern non-payment of MCAs resulting from a weakness in the collection system which has now been improved.

7.3. The Special Committee of Inquiry (SCI)

After the Commission's decision on 5 March 1975 to extend its terms of reference, the Special Committee of Inquiry chose the beef and veal, and wine sectors as the first priority in its investigations because of the considerable increase in intervention expenditure in these sectors.

The report on the wine sector (Doc XX/6/78), transmitted by the Commission to the Council, the European Parliament and the Court of Auditors on 1 February 1978 recommended that private storage aid be reviewed and studied the problem of sanctions in connection with Community rules.

The Committee will then turn its attention to the cereals sector.

Inspection visits were organized to France, the Federal Republic of Germany, Italy and the Netherlands to enable Members of the Committee to see how Community provisions are applied in practice. Work on the cereals sector will be concluded during 1979.

TITLE IV

AUDIT AND CLEARANCE, AND CLOSURE OF ACCOUNTS

8.

8.1. Characteristics

The following activities marked 1978 with regard to the audit and clearance of accounts:

- the clearing operation for accounting periods prior to 1 January 1971 was completed on 27 September 1978;
- submissions in the cases pending before the Court of Justice relating to the audit and clearance of accounts for 1971 and 1972 were concluded: the judgments were delivered at the beginning of 1979;
- consequently, the work on the audit and clearance of the 1973 accounts, which to a large extent depended on the judgments in question, could be finalized;
- preparatory work on the audit and clearance of the accounts for 1974 and 1975 was continued;
- finally, targets were fixed to aid national administrations and the EAGGF in adhering more closely in future to the timetable for lodging declarations and adopting the clearance decisions laid down by the Regulations.

8.2. Periods prior to 1 January 1971

The adoption by the Council of an ad hoc Financial Regulation on 6 June 1978 enabled the Commission to organize the movements of funds needed for the settlement, by a clearing operation, of the accounts for the accounting periods 1967/68 to 1970. After receipt of the balances owing by Belgium, the Federal Republic of Germany, Italy and Luxembourg the clearing operation was completed on 27 September 1978 by the payment to France and the Netherlands of the credit balances due to them. The accounts for these periods were therefore finally closed.

8.3. The 1971 and 1972 accounts have had to be reviewed in the light of the judgments by the Court of Justice, first following Case No 47/75 and then in connection with the judgments in Cases Nos 11, 15, 16 and 18/76.

8.3.1. Case No 47/75

During the financial years 1971/72 secondary transport operations involving cereals were carried out in Germany, in the one case because of the termination of storage leases and in the other following damage. At the time the Commission did not consider these reasons sufficient for it to accept the necessity of these operations within the meaning of Article 4 (1) (g) of Regulation 787/69, arguing that these were normal management operations. The Federal Republic of Germany therefore brought an action before the Court of Justice (Case 47/75). Meanwhile, in the absence of any decision as to the necessity of these transport operations the EAGGF rejected the expenditure in question in the decisions on the clearance of the accounts for 1971 and 1972 on 2 December 1975.

On 4 May 1976 the Court of Justice annulled the Commission's Decision on one of the two transport operations, that occasioned by the termination of leases. Following this judgment the Commission in its Decision of 29 June 1978 accepted the necessity of these transport operations within the meaning of Article 4 (1) (g) of Regulation No 787/69 which automatically brought them within the scope of Community financing. The corresponding expenditure amounts to DM 307 833. The Decisions of 2 December 1975 concerning the clearance of the accounts presented by the Federal Republic of Germany were therefore amended by a Commission Decision dated 28 July 1978¹.

¹ OJ No L 238 of 30 Aug 1978 p 25

8.3.2. Cases Nos 11, 15, 16 and 18/76

The Court of Justice in its judgments of 7 February 1979 in cases Nos 11, 15, 16 and 18/76 first found against the Member States in six out of the seven actions brought against the Commission for its refusal to finance certain expenditure declared in the 1971 and 72 accounts and also supported the Commission in the position it had adopted on the so-called question of principle (see 8.3.1.).

From the financial point of view the result of the judgment was that the Decisions concerning the clearance of the 1971 and 1972 accounts for the Federal Republic of Germany were partially annulled since amounts of about DM 17.9 million and DM 12.1 million respectively had not been accepted for financing by the EAGGF. These were amounts paid by the German authorities as aid for butter purchases by recipients of social security assistance.

As regards the question of principle, the judgments referred to above will be the subject of a detailed analysis which is not within the scope of this report. However, the answers provided by the Court with regard to the question of principle raised in connection with Cases 11 and 18/76 and with regard to the concept of the "supporting document" inherent to Case 15/76 should be described briefly since the positions adopted affect both the general approach with regard to the audit and clearance of accounts for the following financial years and also the solutions arrived at in certain cases in dispute.

8.3.2.1. The question of principle

In simple terms, the applicants (Germany and the Netherlands) contested the Commission's right to oppose, at the time of the audit and clearance of accounts, the financing by the Community of certain expenditure paid by the Member States, seeing that Article 8 (2) of Regulation (EEC) No 729/70 states that the financial consequences of irregularities or negligence are to be borne by the Community "with the exception of the consequences of irregularities or negligence attributable to the administrative authorities or other bodies of the Member States". The interpretation of this provision was a matter not for the Commission but for the Council in accordance with a statement included in the Council minutes in connection with the adoption of Regulation (EEC) No 283/72.

On these matters the Court ruled that*:

- (a) The provisions of Article 8 of Regulation No 729/70 are not applicable to the operations in dispute. Cases of genuine error, based on a faulty interpretation of Community Law adopted in good faith by the national authorities, cannot be covered by Article 8 but should on the other hand be assessed in the light of the general provisions of Articles 2 and 3 of the same Regulation which only allow the Commission to charge to the EAGGF amounts expended in conformity with Community rules and to leave any other amount expended to be borne by the Member States, and in particular any amounts which the national authorities wrongly considered that they were authorized to pay. The same conclusion emerges from an argument based on the purpose of Regulation No 729/70 (grounds of judgments Nos 6 to 9).
- (b) The Council statement referred to by the applicants had been adopted in connection with Regulation No 283/72 itself adopted pursuant to Article 8 of Regulation No 729/70, so that its scope is therefore limited to the financial consequences of the irregularities and negligences covered by that Article which is not relevant in this instance. As no specific procedure is laid down by Community Law to resolve differences arising between the Community and the Member States, the argument derived from the alleged failure to observe the procedures laid down cannot be accepted (grounds of judgments Nos 11 to 13).

8.3.2.2. The concept of the supporting document

In 1971 part of the aid paid for skimmed milk powder denatured in Italy was excluded from Community financing due to the insufficiency of the proof justifying payment of the aid in France. The possibility envisaged by the Member State of supplementing or correcting supporting documents found to be defective at the time when they are checked was not accepted by the Commission both for reasons of principle and for specific reasons on which the Court pronounced in connection with Case No 15/76.

*These two quotations have had to be rendered in free translation in English, since the English text of the judgment of the Court is not yet available.

For the Commission it is inherent in the concept of a document supporting an act of public expenditure that this must have been capable of justifying the expenditure at the time when it was used as the basis for the expenditure made. As with any voucher of this type, either it can justify the item of expenditure in question or it cannot. The audit and clearance of accounts and the checks which this process involves must be seen as the verification of management operations which are completed and final; otherwise they are devoid of all meaning. There can be no question of the audit and clearance of accounts being an opportunity for reopening examination of the file on each individual operation as this would create a situation where there is a permanent lack of certainty as to the law and would also force the Commission to take over or to duplicate the work already done by national authorities in assessing these cases. Also there must be serious doubts as to the practical possibility of arriving at a correct decision so long after the operations in question.

The Court's ruling on this question was as follows*:

- that as regards the pertinence of a subsequent regularization, in connection with an application for annulment pursuant to Article 173 of the Treaty, the legality of the act contested must be assessed on the basis of the de facto and de jure situation which existed at the time of the act. Any regularization subsequent to that date should not be taken into consideration for the purposes of such an assessment (grounds of judgments Nos 7 and 8);
- in cases where Community rules only authorize payment of an aid on the condition that certain formalities with regard to proof are observed at the time when the payment is made, aid paid out without regard to this condition is not in conformity with Community law and the expenditure relating to it cannot therefore, in principle, be borne by the EAGGF in the audit and clearance of accounts for the financial year in question without prejudicing the Commission's right, where appropriate, to take account, during a late financial year, of the subsequent production of the proof required (grounds of judgment No 10).

* These two quotations have had to be rendered in free translation in English, since the English text of the judgment of the Court is not yet available.

8.4. 1973 accounts

During the preparation, in the course of 1978, of the report summarizing the conclusions reached in the work on the audit and clearance of the accounts for the 1973 financial year, it became increasingly clear that it was inadvisable to put forward final solutions to several disputed matters arising until the Court of Justice had delivered its judgments on the cases before it in connection with the clearance of the 1971-1972 accounts, there being an analogy with those cases in several of the questions raised and there being also the continuing question of principle.

It was therefore preferable to defer the final stages of work on these accounts until the first half of 1979 so as to be able to take account of the position of the Court.

8.5. 1974 and 1975 accounts

Inspection visits in connection with the 1974 and 1975 financial years began in November 1977 and continued in 1978. They accounted for 270 days of verifications of which 194 were by EAGGF staff, 10 by other staff of the Directorate-General for Agriculture and 66 by Financial Control involving about 20 visits to 24 different paying agencies. This preparatory work should finish during the first half of 1979 and enable the Commission to take its decisions on clearance by the end of this year or the beginning of 1980.

8.6. Accounts for subsequent financial years

8.6.1. It should be possible for the documentary verifications and inspection visits relating to the 1976 and 1977 financial years to be started for both years together in autumn 1979 after the preparatory work on the two previous financial years has been finished.

8.6.2. As regards the presentation of the statements for these two financial years, the 1976 accounts were all received by mid 1978 and the 1977 accounts between September 1978 and May 1979 as shown in the following table.

TABLE NO 12

Member State	Dates of dispatch of declarations for the purpose of the audit and clearance of 1977 accounts	
	First communication	Final communication
Belgium	13 Oct 1978	17 Nov 1978 (complete)
Denmark	19 Sept 1978 (complete)	
Germany	26 Sept 1978	11 Dec 1978 (complete)
France	20 Feb 1979 (complete)	
Ireland	end May 1979 (incomplete)	
Italy	31 Jan 1979 (incomplete)	
Luxembourg	17 Oct 1978 (complete)	
Netherlands	31 Oct 1978	26 Mar 1979 (complete)
United Kingdom	08 Mar 1979 (incomplete)	

It is recalled that at the meeting of the EAGGF Committee on 27 June 1978, the Member States were asked to present their declarations by 1 October 1978. The above table shows that this deadline was met by only one Member State. Although these delays should not affect the next round of verifications (relating to the 1976 and 1977 financial years), it should be emphasized that the repetition of these delays in 1980 would seriously impede the further reduction of the backlog during the following round of verifications (for the 1978 and 1979 financial years).

8.6.3. With a view to preventing these delays from persisting and to facilitating the work of the national administrations, the various aide-memoires on the data to be forwarded to the Commission were consolidated into a single document which can be kept up to date using loose-leaf sheets. This simplification, together with certain adjustments made in the light of experience to the organization and methods employed in various Member States, should help to speed up the work on the annual declarations.

8.6.4. Moreover, the procedure of linking verifications for two financial years and the use of more selective methods of verification should also contribute, failing the hoped-for increase in staff, to the process of making good the backlog of accounts. Finally, implementation of improved consultation procedures (Doc VI/241/REV 1 of 3 February 1978) and the important precedents established as regards the audit and clearance of accounts by the recent judgments of the Court should help to reduce the number of disputed cases and the time needed to resolve them.

TITLE V

FINANCING OF COMMUNITY FOOD AID FOR PRODUCTS SUBJECT TO COMMON MARKET ORGANIZATION

9. Community food aid in the form of products covered by a common market organization is financed under the same rules as those applying to the Guarantee Section of the EAGGF. Thus, since 1 January 1978, introduction of the EUA¹ into budget accounting has led to the application of a system based on the choice of a monthly EUA rate which is valid both for payment of the monthly advances and for the charging of the expenditure declared each month by the Member States.

9.1. Characteristics of Community food aid

9.1.1. Implementation

Implementation of the supply agreements² concluded by the Community with the recipient countries or their agencies calls for a mobilization procedure effected within the framework of the common market organizations. This procedure is implemented by the national intervention agencies and is based on the principles of the free play of supply and demand (tendering procedure). In the case of urgent deliveries, however, private contracts are a more efficient means of achieving rapid action.

¹ Financial Regulation of 31 December 1977 - OJ L 356 p 1

² From 14 April 1975 these agreements have been concluded in the form of an exchange of letters.

9.1.2. Financial and budgetary aspects

Community food aid expenditure is financed from the following appropriations:

- (a) Chapter 92 (Community food aid) of the budget which covers all food aid expenditure with the exception of the amounts for refunds;
- (b) Title 6 of the budget (Guarantee) against which are charged the amounts corresponding to refunds according to sector (cereals, dairy products, sugar).

The funds required by the Member States from Chapter 92 are provided by a system of monthly advances, similar to that for the Guarantee Section.

However, these advances are no longer the subject of a provisional global commitment pursuant to the Financial Regulation which came into force on 1 January 1978¹.

9.1.3. Changes in the rules

In connection with a proposal² on new procedures for the management of food aid the Commission once again put before the Council a proposal to consolidate all the food aid appropriations in a single chapter in order to simplify the budget and make it more transparent (inclusion of food aid refund appropriations in Chapter 92). A similar proposal had not been accepted in 1977³.

The preliminary work on a framework agreement on cereal food aid will be continued in 1979.

¹ OJ L 356 of 31 Dec 1977 p 1

² Doc COM(78) 204/2 of 16 May 1978

³ OJ C 228 of 24 Sept 1977 p 3

9.2. The cash position

9.2.1. Advances

The monthly advances which were requested by the Member States and were the subject of Commission decisions totalled 250 301 422.43 EUA for the 1978 financial year.

A breakdown by Member State of the advances decided upon, expenditure incurred and the percentage utilization of advances is given in the following table.

Table No 13: Breakdown and utilization of monthly advances
in 1978

Member State	Decisions on advances EUA ¹	Expenditure as at 31.12.1978 EUA ²	Percentage utilization
BELGIUM	32 193 706.62	26 755 903.59	83 %
DENMARK	4 398 239.87	41 294.01	1 % ³
GERMANY	74 740 254.33	64 594 625.40	86 %
FRANCE	72 940 136.42	71 677 616.45	98 %
IRELAND	5 906 492.41	5 522 377.37	94 %
ITALY	32 658 724.50	30 659 006.89	94 %
LUXEMBOURG	277 104.94	280 763.66	100 %
NETHERLANDS	25 486 055.84	25 826 074.54	100 %
UNITED KINGDOM	1 700 707.50	1 462 923.50	86 %
TOTAL EEC	250 301 422.43	226 820 585.41	91 %

¹Including the balance available on 31 December 1977 as shown in the 7th Financial Report (financial year 1977, page 90, Table A.2) which amounted to 18 818 213.76 u.a. or 19 873 967.66 EUA (EUA rate of 11 November 1977).

²Expenditure declared by the Member States.

³For Denmark the low utilization percentage of 1% is due to the extension of the date for the implementation (January, February 1979) of certain aid measures for which the Member State had requested and received advances calculated on the basis of the periods originally planned (November 1978).

In comparing these figures with those for the previous year account must be taken of the change in the unit of account.

While the advances rose from about 213 million EUA to about 250 million EUA, the percentage utilized was, at 91%, the same as for 1977.

9.2.2. Changes in the cash position

Annexes A II and A III show the cash position on 31 December 1978. The funds available, before adjustment and broken down by Member State, amount for the Community to 23 480 837.02 EUA (Table A.II col d).

The advances not used by the Member States on 31 December 1978 were readjusted on the basis of the EUA rate applicable to the January 1979 advances (Table A II col e).

These accounting operations do not affect the balance of the food aid accounts kept in national currencies by the Member States.

9.3. Administration of appropriations and payments

9.3.1. Total appropriations available in 1978

The following appropriations are available:

- appropriations carried forward from 1977 because of delays in the implementation of some food aid programmes;
- new appropriations in the 1978 budget.

Table No 14: Appropriations available in 1978

	Cereals, dairy products and sugar conventions, miscellaneous expenditure
1977 budget carry-over	132 370 019.66 EUA *
1978 budget	223 710 000.- EUA
Transfer to Chapter 95	- 490 000.- EUA
TOTAL	355 590 019.66 EUA

* or 123 818 213.23 u.a.

9.3.2. Payments

(a) Expenditure declared by the Member States

Table No 13 (p 65) and Annex III show the declared expenditure of Member States (226 820 585.41 EUA) which was effected in the course of 1978 against the advances granted.

The charging of these amounts in the course of the financial year does not of course prejudice the final accounts as they appear in the Commission's clearance decision.

The differences between the agreed advances and the expenditure constitute the balances on 31 December 1978 which the Member States may use for their expenditure during the 1979 financial year and which therefore correspond to an advance for the 1979 financial year.

(b) Direct payments

Apart from the advances made to the intervention agencies of the Member States the Commission made a number of direct payments to certain recipient countries or agencies representing financial contributions for the forwarding and distribution of the products supplied as food aid.

The total of these direct payments amounted to 9 159 194.26 EUA.

The following table shows the breakdown of this amount by recipient.

Table No 15: Direct payments

Beneficiary country or agency	Amounts in EUA
Non-government organizations (CARITAS, OXFAM)	2 789 369.26
U.N.R.W.A.	391 970.-
W.F.P.	4 034 515.93
Bangladesh	1 811 990.35
Other ¹	131 348.72
	<hr/>
	9 159 194.26

¹
Mainly India, Lesotho, Botswana, . . .

9.3.3. Appropriations carried forward to 1979 (see Annex A 1)

The new Financial Regulation applicable from 1 January 1978 has now confirmed the principle of committing appropriations as soon as programmes have been adopted.

It follows that the appropriations committed in 1978 which did not result in payments by the Member States are automatically carried over to 1979. The amount involved was 99 980 567.47 EUA, automatically carried over in accordance with Article 6 (1) (c) of the Financial Regulation.

An amount of 490 000 EUA was transferred from Chapter 92 (item 9240) to Chapter 95.

Unused appropriations totalling 19 539 672.52 EUA were cancelled.

9.4. Amounts to be recovered from recipient countries

At the time of the actual implementation of certain food aid measures the successful tenderers sometimes had to pay certain costs on behalf of the recipient country so as not to hold up shipment. These costs, when declared by the Member State, are the subject of a recovery procedure by the Commission. The amount which should in principle be recovered for the 1978 financial year is about 980 000 EUA.

9.5. Closure of the accounts

9.5.1. Verifications

Each food aid measure is the subject of a statement of expenditure drawn up by the intervention agency concerned according to the procedure laid down in the Financial Regulations.

On receipt, the documents are thoroughly checked against the information in the possession of the Commission in particular regarding intervention prices, tender prices and amounts of refunds, etc.

This scrutiny is then followed by inspection visits to the paying agencies. Eight days were spent on such visits.

¹ OJ L 356 of 31 Dec 1977 p 1

9.5.2. Audit and clearance of the accounts

The development and diversification of food aid measures have meant extra work for the Commission staff. The result has been that the audit and clearance of accounts has proceeded more slowly, and little work could be done in 1978 on the verification of expenditure in the 1975 financial year.

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ANNEX GI
SUMMARY OF IMPLEMENTATION FOR THE 1978 FINANCIAL YEAR

APPROPRIATIONS	m EUA	IMPLEMENTATION	m EUA	% UTILIZATION
A. <u>APPROPRIATIONS FOR THE YEAR</u>		C. <u>COMMITMENTS</u>		
1. Initial appropriations	8 695.2	1. Global commitments	8 676.6	99.8
2. Transfer ¹	- 16.0	- amounts specifically committed	8 648.8	
		- balance of global commitments (released)	27.8	
<u>Total</u>	8 679.2	2. Amount not committed	2.6	0.2
		<u>Total</u>	8 679.2	100
B. <u>APPROPRIATIONS FROM THE PREVIOUS YEAR</u>		D. <u>PAYMENTS</u>		
- Automatic carryover from 1977	609.8	1. Application of carryover from 1977		
- Non-automatic carryover from 1977	24.0	- Payments a) from automatic carryover	605.8	(6.76
		b) from non-automatic carryover	24.0	(
<u>Total</u>	633.8	- lapsed	4.0	
		Total carryover from 1977	633.8	
		2. Application of 1978 appropriations		
		a) Payments	8 648.8	92.87
		b) Carryover to 1979		
		. Appropriations unused: non-automatic carryover to 1979	30.4	
		Total carryover from 1978 to 1979	30.4	0.33
		3. Appropriations lapsed		
		. from carryovers	4.0	
		Total appropriations lapsed	4.0	0.04
Total	9 313.0	Total	9 313.0	100

¹This is a transfer to Chapter 83

ANNEX G II
EXCHANGE RATES - 1978

1) Conversion of expenditure into EUA - agricultural coefficients

Annual coefficients	Legal basis	BFR	DKR	DM	FF	IRL	LIT	LFR	HFL	UKL
	R 724/78 of 10.4.78 (L 98/78)	0.02026	0.11673	0.29303	0.16822	1.35190	0.001103 for olive oil production aid 0.000944 for other expenditure	0.02026	0.29388	1.65030

2) Conversion of monthly expenditure into EUA - budgetary rates

Expenditure paid in	Rate on : OJ :	BFR	DKR	DM	FF	IRL	LIT	LFR	HFL	UKL
JANUARY	18.11.77 - C 279/77	41.1653	7.15628	2.61699	5.66072	0.640830	1023.94	41.1653	2.82317	0.640830
FEBRUARY	20.12.77 - C 307/77	40.3914	7.10156	2.56942	5.79080	0.644304	1063.09	40.3914	2.78201	0.644304
MARCH	20. 1.78 - C 17/78	40.2701	7.05434	2.59638	5.78530	0.632084	1066.74	40.2701	2.77976	0.632084
APRIL	20. 2.78 - C 43/78	39.9738	6.99602	2.54672	5.99563	0.639121	1064.27	39.9738	2.74749	0.639121
MAY	20. 3.78 - C 70/78	39.8517	7.03420	2.56329	5.77936	0.658868	1072.60	39.8517	2.74214	0.658868
JUNE	20. 4.78 - C 96/78	39.7757	7.02878	2.55582	5.72747	0.677090	1072.29	39.7757	2.72747	0.677090
JULY	19. 5.78 - C 117/78	40.2089	6.96732	2.57259	5.67398	0.672333	1060.31	40.2089	2.75306	0.672333
AUGUST	20. 6.78 - C 146/78	40.3641	6.96174	2.57042	5.67001	0.672007	1059.43	40.3641	2.75621	0.672007
SEPTEMBER	20. 7.78 - C 174/78	40.7757	7.04247	2.58762	5.58381	0.662414	1062.57	40.7757	2.79166	0.662414
OCTOBER	18. 8.78 - C 198/78	40.3922	7.12434	2.56656	5.61868	0.663008	1082.53	40.3922	2.77948	0.665783
NOVEMBER	20. 9.78 - C 224/78	40.3255	7.04561	2.55835	5.70489	0.658761	1080.12	40.3255	2.78035	0.658769
DECEMBER	20.10.78 - C 250/78	39.5879	6.97533	2.50094	5.77606	0.686475	1113.75	39.5879	2.73128	0.686468

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3) Average rates = $\frac{\text{Total expenditure in national currency}}{\text{Total expenditure in EUA}}$

	BELGIUM	DENMARK	GERMANY	FRANCE	IRELAND	ITALY	LUXEMBOURG	NETHERLANDS	UNITED KINGDOM
Average rate in EUA	40.1936	7.03856	2.55735	5.72523	0.662169	1072.48	40.10176	2.76651	0.663759

ANNEX G II a

Exchange rates for financial years 1971 to 1977

1 u.a. (EUA) = ... n.c.

National currency	IMF rate 1 u.d =...	EUA rate						
		1971	1972	1973	1974	1975	1976	1977
BFR/LFR	50.-	50.8663	49.3611	47.8009	46.3994	45.5690	43.1654	40.8827
DKR	7.5	-	-	7.41598	7.25927	7.12266	6.76176	6.85568
DM	3.66	3.64566	3.57681	3.27644	3.08352	3.04939	2.81545	2.64832
FF	5.55419	5.77214	5.65717	5.46775	5.73386	5.31923	5.34486	5.60608
IRL	0.416667	-	-	0.502321	0.509803	0.56026	0.621578	0.653701
LIT	625,-	647.414	654.264	716.460	775.743	809.545	930.150	1006.790
HFL	3.62	3.65750	3.59991	3.42853	3.20224	3.13490	2.95515	2.80011
UKL	0.416667	-	-	0.502321	0.509803	0.56026	0.621578	0.653701

ANNEX 6 III

EUA

EXCHANGE DIFFERENCES - 1978 FINANCIAL YEAR

MEMBER STATE	GUARANTEE	PREMIUMS (1)	TOTAL
BELGIUM	+ 615 443.59	+ 4 445.51	+ 619 889.10
DENMARK	- 429 184.03	+ 33 690.25	- 395 493.78
GERMANY	+ 1 904 083.51	+ 535 849.71	+ 2 439 933.22
FRANCE	- 1 877 497.95	- 121 058.87	- 1 998 556.82
IRELAND	- 1 267 954.50	- 35 084.62	- 1 303 039.12
ITALY	- 9 919 288.67	-	- 9 919 288.67
LUXEMBOURG	+ 84 997.29	+ 568.33	+ 85 565.62
NETHERLANDS	- 470 040.43	+ 67 079.58	- 402 960.85
UNITED KINGDOM	- 285 231.79	+ 93 722.85	- 191 508.94
TOTAL	- 11 644 672.98	(*) + 579 212.74	- 11 065 460.24

(1) Premiums for the non-marketing of milk and premiums for the conversion of dairy herds (Regulation(EEC)No 10

(*) of which: 60% financed by the Guarantee Section = + 347 527.64 EUA
40% financed by the Guidance Section = + 231 685.10 EUA

ANNEX G IV

GUARANTEE: ADVANCES AND FUNDS AVAILABLE IN MEMBER STATES FOR 1978

Date of decision	BELGIUM BFR	DENMARK DKR	GERMANY DM	FRANCE FF	IRELAND IRL	ITALY LIT	LUXEMBOURG LFR	NETHERLANDS HFL	UNITED KINGDOM UKL	TOTAL EEC
19 Dec 77	1 500 000 000	382 500 000.-	369 000 000.-	710 000 000.-	33 750 000.-	40 000 000 000	120 000 000	205 000 000.-	11 500 000.-	
13 Jan 78	1 500 000 000	458 000 000.-	300 000 000.-	666 000 000.-	13 500 000.-	60 000 000 000	26 000 000	270 000 000.-	16 500 000.-	
15 Feb 78	1 900 000 000	436 000 000.-	414 000 000.-	755 000 000.-	26 000 000.-	40 000 000 000	150 000 000	282 000 000.-	7 000 000.-	
8 Mar 78	-	-	-	-	-	-	-	55 000 000.-	-	
15 Mar 78	1 600 000 000	420 000 000.-	481 000 000.-	600 000 000.-	24 000 000.-	-	260 000 000	230 000 000.-	20 000 000.-	
18 Apr 78	1 660 000 000	288 500 000.-	448 000 000.-	898 000 000.-	23 000 000.-	50 000 000 000	46 000 000	240 000 000.-	30 000 000.-	
28 Apr 78	-	-	-	-	-	60 000 000 000	-	-	-	
17 May 78	2 000 000 000	655 000 000.-	480 000 000.-	698 000 000.-	18 000 000.-	65 000 000 000	36 000 000	208 000 000.-	26 000 000.-	
15 June 78	1 780 000 000	691 000 000.-	443 000 000.-	923 000 000.-	31 000 000.-	40 000 000 000	50 000 000	280 000 000.-	11 000 000.-	
13 July 78	-	-	-	-	-	28 000 000 000	-	72 800 000.-	-	
17 July 78	1 800 000 000	400 000 000.-	521 000 000.-	630 000 000.-	32 000 000.-	68 000 000 000	48 000 000	255 000 000.-	30 900 000.-	
26 July 78	2 200 000 000	454 000 000.-	524 000 000.-	630 000 000.-	32 000 000.-	50 000 000 000	21 000 000	269 000 000.-	14 500 000.-	
21 Aug 78	-	-	-	255 000 000.-	-	-	-	-	-	
31 Aug 78	-	-	-	-	-	-	-	-	12 000 000.-	
13 Sept 78	2 950 000 000	375 000 000.-	543 000 000.-	650 000 000.-	59 500 000.-	25 000 000 000	16 500 000	235 000 000.-	28 000 000.-	
10 Oct 78	-	-	-	-	-	-	-	75 000 000.-	-	
16 Oct 78	1 800 000 000	452 000 000.-	505 000 000.-	910 000 000.-	28 500 000.-	20 000 000 000	60 500 000	285 000 000.-	27 000 000.-	
16 Nov 78	1 950 000 000	548 000 000.-	555 000 000.-	1 050 000 000.-	28 000 000.-	60 000 000 000	-	280 000 000.-	30 000 000.-	
19 Dec 78	1 264 000 000	83 900 000.-	517 000 000.-	-	19 900 000.-	-	85 000 000	137 700 000.-	17 000 000.-	
TOTAL ADVANCES	23 904 000 000	5 643 900 000.-	6 100 000 000.-	9 375 000 000.-	369 150 000.-	606 000 000 000	919 000 000	3 379 500 000.-	280 500 000.-	
AVAILABLE FUNDS AT 1 JAN 1979	379 244 792	41 340 301.57	92 228 940.20	687 378 854.78	- 592 846.35	186 418 179 365	27 596 077.-	81 078 449.13	7 851 621.27	
TOTAL AVAIL- ABLE FUNDS	24 283 244 792	5 685 240 301.57	6 192 228 940.20	10 062 378 854.78	368 557 153.65	792 418 179 365	946 596 077.-	3 460 578 449.13	288 351 621.27	
TOTAL IN EUA (1)	604 220 948.35	807 813 079.01	2 420 803 430.35	1 757 973 126.83	556 421 011.53	739 170 243.81	23 606 211.19	250 638 528.66	434 337 478.29	8 594 084 058.02

(1) Including exchange differences

ANNEX G V

PREMIUMS (100%): ADVANCES AND FUNDS AVAILABLE IN MEMBER STATES FOR 1978(1)

Date of decision.	BELGIUM BFR	DENMARK DKR	GERMANY DM	FRANCE FF	IRELAND IRL	ITALY LIT	LUXEMBOURG LFR	NETHERLANDS HFL	UNITED KINGDOM UKL	TOTAL EEC
21 Dec 77	5 000 000	15 000 000.-	20 000 000.-	21 000 000.-	100 000.-	-	1 800 000	-	150 000.-	/
18 Jan 78	8 900 000	12 000 000.-	-	-	100 000.-	-	3 500 000	-	-	
17 Feb 78	10 000 000	5 500 000.-	5 500 000.-	-	-	-	3 600 000	-	-	
17 Mar 78	10 000 000	-	12 500 000.-	-	200 000.-	-	5 500 000	800 000.-	-	
20 Apr 78	10 000 000	4 000 000.-	-	-	-	-	-	-	-	
19 May 78	25 000 000	8 400 000	1 540 000.-	-	-	-	1 300 000	1 425 000.-	-	
5 June 78	-	10 000 000.-	-	-	-	-	-	-	-	
19 June 78	5 000 000	5 000 000.-	8 000 000.-	-	-	-	1 100 000	3 500 000.-	2 000 000.-	
20 July 78	4 000 000	12 000 000.-	10 500 000.-	15 000 000.-	-	-	950 000	-	1 800 000.-	
16 Aug 78	15 000 000	9 000 000.-	49 700 000.-	15 000 000.-	300 000.-	-	1 500 000	-	-	
19 Sept 78	15 000 000	-	1 000 000.-	28 500 000.-	-	-	1 800 000	3 000 000.-	-	
24 Oct 78	15 000 000	8 400 000.-	42 500 000.-	56 500 000.-	-	-	2 000 000	4 700 000.-	-	
22 Nov 78	15 000 000	3 900 000.-	66 000 000.-	68 000 000.-	-	-	4 500 000	2 100 000.-	2 200 000.-	
TOTAL ADVANCES	137 000 000	93 200 000.-	217 240 000.-	204 000 000.-	700 000.-	-	27 550 000	15 525 000.-	6 150 000.-	
TOTAL FUNDS AVAILABLE AT 1 JAN 1978	3 903	4 029 755.89	21 651 145.22	49 711 146.-	-	-	55 681	8 107 781.90	1 625 963.84	
TOTAL AVAIL- ABLE FUNDS	137 003 903	97 229 755.89	238 891 145.22	253 711 146.-	700 000.-	-	27 605 681	23 632 781.90	7 775 063.84	
TOTAL IN EUA (2)	3 415 555.88	13 819 398.08	93 874 127.05	44 451 204.17	1 041 988.02	-	687 479.04	8 562 544.45	11 721 738.47	177 574 035.16

- (1) Premiums for the non-marketing of milk and for the conversion of dairy herds financed 60% by the Guarantee Section and 40% by the Guidance Section.
 (2) Including exchange differences.

ANNEX G VI¹

FUNDS AVAILABLE IN MEMBER STATES FOR 1978: GUARANTEE (excluding premiums) ■ EUA

Member State		Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
BELGIUM	A	9.2	11.5	6.-	16.9	6.5	5.-	10.-	2.4	- 7.7	- 7.1	14.3	16.9	7.-
	B	36.4	37.1	47.2	40.-	41.7	50.3	44.3	44.6	53.9	73.1	44.6	81.2	49.5
	C	45.6	48.6	53.2	56.9	48.2	55.3	54.3	47.-	46.2	66.-	58.9	98.1	56.5
	D	34.4	42.6	36.5	50.4	43.2	45.2	51.8	54.8	53.2	51.7	42.3	93.8	50.-
	E	11.2	6.-	16.7	6.5	5.-	10.1	2.5	- 7.8	- 7.-	14.3	16.6	4.3	6.5
DENMARK	A	5.8	- 8.8	1.-	17.4	8.5	- 41.4	- 14.5	12.3	7.2	21.5	1.9	- 0.5	0.8
	B	53.4	64.5	61.8	60.1	41.-	93.2	99.2	57.4	64.4	52.6	64.2	90.6	66.9
	C	59.2	55.7	62.8	77.5	49.5	51.8	84.7	69.7	71.6	74.1	66.1	90.1	67.7
	D	67.9	54.7	45.5	69.-	90.9	66.2	72.4	62.4	49.9	72.2	66.6	81.3	66.6
	E	- 8.7	1.-	17.3	8.5	-41.4	- 14.4	12.3	7.3	21.7	1.9	- 0.5	8.8	1.1
GERMANY	A	35.2	38.9	18.2	18.5	33.6	41.6	39.1	30.1	41.4	52.1	51.7	46.9	37.3
	B	141.-	116.7	159.5	188.9	174.8	187.8	172.2	202.7	202.5	211.6	197.4	428.6	198.6
	C	176.2	155.6	177.7	207.4	208.4	229.4	211.3	232.8	243.9	263.7	249.1	475.5	235.9
	D	138.1	137.2	159.6	173.5	166.9	190.-	181.3	191.1	192.1	212.2	203.3	490.7	203.-
	E	38.1	18.4	18.1	33.9	41.5	39.4	30.-	41.7	51.8	51.5	45.8	-15.2	32.9
FRANCE	A	121.4	98.-	111.7	86.2	70.-	98.6	61.3	108.6	57.1	58.2	41.-	42.6	79.5
	B	125.5	115.-	130.5	100.1	155.4	121.8	162.6	111.2	158.5	115.7	159.5	181.8	136.5
	C	246.9	213.-	242.2	186.3	225.4	220.4	223.9	219.8	215.6	173.9	200.5	224.4	216.-
	D	146.6	101.5	152.8	118.8	127.7	159.8	115.4	163.5	157.-	132.3	157.3	183.3	143.-
	E	100.3	111.5	89.4	67.5	97.7	60.6	108.5	56.3	58.6	41.6	43.2	41.1	73.-
IRELAND	A	- 0.9	7.4	- 3.3	9.4	16.3	14.3	- 8.1	- 9.3	- 4.1	- 6.-	- 27.2	5.2	4.-
	B	52.6	21.-	41.1	37.5	34.9	26.6	46.1	47.6	48.3	89.8	43.3	69.8	46.6
	C	51.7	28.4	37.8	46.9	51.2	40.9	38.-	38.3	44.2	83.8	70.5	75.-	50.6
	D	44.3	31.6	28.3	30.2	36.5	48.9	47.3	42.4	50.2	56.7	65.-	70.3	46.-
	E	7.4	- 3.2	9.5	16.7	14.7	- 8.-	- 9.3	- 4.1	- 6.-	27.1	5.5	4.7	4.6
ITALY	A	182.1	193.3	173.7	122.-	82.3	139.5	80.9	68.4	65.9	86.1	63.7	29.3	107.3
	B	39.1	56.4	37.5	-	102.5	60.6	64.1	64.2	47.1	23.1	18.5	53.9	47.2
	C	221.2	249.7	211.2	122.-	184.8	200.1	145.-	132.6	113.-	109.2	82.2	83.2	154.5
	D	20.6	75.5	89.4	39.1	45.4	120.1	76.6	66.5	25.4	45.6	51.8	91.2	62.2
	E	200.6	174.2	121.8	82.9	139.4	80.-	68.4	66.1	87.6	63.6	30.4	- 8.-	92.3
LUXEMBOURG	A	0.7	3.3	1.5	- 1.3	1.-	0.8	- 0.6	- 0.5	- 0.4	- 0.2	- 0.4	0.8	0.4
	B	2.9	0.7	3.7	6.5	1.2	0.9	1.2	1.2	0.5	0.4	1.5	2.1	1.9
	C	3.6	4.-	5.2	5.2	2.2	1.7	0.6	0.7	0.1	0.2	1.1	2.9	2.3
	D	0.3	2.5	6.5	4.2	1.4	2.3	1.1	1.1	0.3	0.6	0.4	2.8	1.9
	E	3.3	1.5	- 1.3	1.-	0.8	- 0.6	- 0.5	- 0.4	- 0.2	- 0.4	0.7	0.1	0.4
NETHERLANDS	A	28.7	-24.4	-26.9	5.3	3.2	9.5	-28.1	7.1	- 9.9	-14.9	-8.6	-30.1	- 7.4
	B	72.6	97.1	121.2	83.7	87.5	76.3	128.2	92.5	96.4	111.5	102.5	152.9	101.9
	C	101.3	72.7	94.3	89.-	90.7	85.8	100.1	99.6	86.5	96.6	93.9	122.8	94.5
	D	125.3	99.6	89.1	85.8	81.2	114.1	93.-	109.6	101.4	105.2	123.5	141.3	105.8
	E	-24.-	-26.9	5.2	3.2	9.5	-28.3	7.1	-10.-	-14.9	- 8.6	-29.6	-18.5	-11.3
UNITED KINGDOM	A	12.2	18.3	17.6	-3.5	9.-	14.7	18.4	- 3.-	- 5.2	4.7	5.4	- 1.-	7.3
	B	18.-	25.6	11.1	31.3	45.5	38.4	16.4	44.6	40.-	42.-	41.-	68.5	35.2
	C	30.2	43.9	28.7	27.8	54.5	53.1	34.8	41.6	34.8	46.7	46.4	67.5	42.5
	D	11.8	26.6	32.3	18.5	39.3	34.8	37.8	46.8	30.1	41.4	47.4	66.2	36.1
	E	18.4	17.3	-3.6	9.3	15.2	18.3	-3.-	- 5.2	4.7	5.3	- 1.-	1.3	6.4
TOTAL EEC	A	394.4	337.5	299.5	270.9	230.4	282.6	158.4	216.1	144.3	194.4	196.2	110.1	236.2
	B	541.5	534.1	613.6	548.1	684.5	655.9	734.3	666.-	711.6	719.8	672.5	1129.4	684.3
	C	935.9	871.6	913.1	819.-	914.9	938.5	892.7	882.1	855.9	914.2	868.7	1239.5	920.5
	D	589.3	571.8	640.-	589.5	632.5	781.4	676.7	738.2	659.6	717.9	757.6	1220.9	714.6
	E	346.6	299.8	273.1	229.5	282.4	157.1	216.-	143.9	196.3	196.3	111.1	18.6	205.9

A = Balance at the beginning of the month at that month's rate
 B = Advances for the month
 C = Total available for the month
 D = Expenditure for the month
 E = Balance still 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 expenditure declared for that month to the Commission, without taking into account sums paid after the 20th of the month in respect of the following month. This procedure explains why negative balances are shown at the end of the month for some Member States.

¹ See footnote 1 to Annex GV.

ANNEX G VII

FUNDS AVAILABLE IN MEMBER STATES FOR 1978 PREMIUM FOR THE NON-MARKETING OF MILK AND MILK PRODUCTS AND PREMIUM FOR THE CONVERSION OF DAIRY HERDS (100X)

m EUA

MEMBER STATE		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
BELGIUM	A	P.M.	P.M.	P.M.	P.M.	P.M.	P.M.	0.24	P.M.	P.M.	0.01	P.M.	0.37	0.05
	B	0.12	0.20	0.25	0.25	0.25	0.63	0.13	0.10	0.36	0.37	0.37	0.38	0.28
	C	0.12	0.20	0.25	0.25	0.25	0.63	0.37	0.10	0.36	0.38	0.37	0.75	0.33
	D	0.12	0.20	0.25	0.25	0.25	0.39	0.37	0.10	0.35	0.38	-	0.37	0.25
	E	P.M.	P.M.	P.M.	P.M.	P.M.	0.24	P.M.	P.M.	0.01	P.M.	0.37	0.38	0.08
DENMARK	A	0.57	0.83	2.08	1.79	0.54	-0.62	0.69	0.36	1.46	1.88	1.36	1.97	1.08
	B	2.09	1.69	0.78	-	0.57	2.62	0.72	1.72	1.28	-	1.19	0.56	1.10
	C	2.66	2.52	2.86	1.79	1.11	2.-	1.41	2.08	2.74	1.88	2.55	2.53	2.18
	D	1.84	0.45	1.09	1.24	1.73	1.31	1.05	0.61	0.83	0.54	0.60	0.85	1.01
	E	0.82	2.07	1.77	0.55	-0.62	0.69	0.36	1.47	1.91	1.34	1.95	1.68	1.17
GERMANY	A	8.27	15.01	11.67	9.35	10.08	6.97	4.19	5.96	5.81	17.19	4.59	7.07	8.85
	B	7.65	-	2.12	4.91	-	0.60	3.11	4.08	19.21	0.39	16.61	26.39	7.09
	C	15.92	15.01	13.79	14.26	10.08	7.57	7.30	10.04	25.02	17.58	21.20	33.46	15.94
	D	1.18	3.22	4.61	4.12	3.13	3.35	1.35	4.19	7.97	13.-	14.29	28.18	7.39
	E	14.74	11.79	9.18	10.14	6.95	4.22	5.95	5.85	17.05	4.58	6.91	5.28	8.55
FRANCE	A	8.78	12.21	12.22	11.20	8.70	5.40	2.95	2.75	3.95	0.61	4.95	2.47	5.11
	B	3.71	-	-	-	-	-	-	2.64	2.69	5.07	9.91	1.77	2.98
	C	12.49	12.21	12.22	11.20	8.70	5.40	2.95	5.39	6.64	5.68	4.96	9.30	8.09
	D	-	-	0.62	2.81	3.35	2.47	0.21	1.49	6.03	10.70	7.47	3.86	3.25
	E	12.49	12.21	11.60	8.39	5.35	2.93	2.74	3.90	0.61	-5.02	-2.51	5.44	4.84
IRELAND	A	-	0.15	0.32	0.31	0.52	0.47	0.48	0.34	0.18	0.60	0.55	0.40	0.36
	B	0.16	0.16	-	0.31	-	-	-	-	0.45	-	-	-	0.09
	C	0.16	0.31	0.32	0.62	0.52	0.47	0.48	0.34	0.63	0.60	0.55	0.40	0.45
	D	-	-	-	0.09	0.03	-	0.14	0.16	0.03	0.06	0.14	0.19	0.07
	E	0.16	0.31	0.32	0.53	0.49	0.47	0.34	0.18	0.60	0.54	0.41	0.21	0.38
ITALY	A	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-
	D	-	-	-	-	-	-	-	-	-	-	-	-	-
	E	-	-	-	-	-	-	-	-	-	-	-	-	-
LUXEMBOURG	A	P.M.	P.M.	0.08	P.M.	0.09	0.03	P.M.	0.03	P.M.	P.M.	P.M.	P.M.	0.02
	B	0.04	0.08	0.09	0.14	-	0.03	0.03	0.03	0.04	0.05	0.05	0.11	0.06
	C	0.04	0.08	0.17	0.14	0.09	0.06	0.03	0.06	0.04	0.05	0.05	0.11	0.08
	D	0.04	-	0.17	0.05	0.06	0.06	-P.M.	0.06	0.04	0.05	0.05	0.11	0.06
	E	P.M.	0.08	P.M.	0.09	0.03	P.M.	-0.03	P.M.	P.M.	P.M.	P.M.	P.M.	0.02
NETHERLANDS	A	2.87	2.59	2.22	1.47	1.26	0.91	0.88	1.54	0.22	-0.56	0.01	1.04	1.21
	B	-	-	-	0.29	-	0.52	1.27	-	-	1.08	1.69	0.77	0.47
	C	2.87	2.59	2.22	1.76	1.26	1.43	2.15	1.54	0.22	0.52	1.70	1.81	1.68
	D	0.32	0.37	0.77	0.50	0.36	0.54	0.60	1.33	0.77	0.51	0.68	1.25	0.67
	E	2.55	2.22	1.45	1.26	0.90	0.89	1.55	0.21	-0.55	0.01	1.02	0.56	1.01
UNITED KINGDOM	A	2.54	2.02	1.38	0.76	0.03	-0.88	-1.13	1.69	3.85	2.23	0.85	-0.43	1.07
	B	0.23	-	-	-	-	-	2.97	2.68	-	-	-	3.21	0.76
	C	2.77	2.02	1.38	0.76	0.03	-0.88	1.84	4.37	3.85	2.23	0.85	2.78	1.83
	D	0.74	0.66	0.61	0.73	0.94	0.24	0.15	0.57	1.62	1.39	1.29	1.08	0.83
	E	2.03	1.36	0.77	0.03	-0.91	-1.12	1.69	3.80	2.23	0.84	-0.44	1.70	1.-
TOTAL EEC	A	23.03	32.81	29.97	24.88	21.22	12.28	8.30	12.67	15.47	21.96	2.41	7.95	17.75
	B	14.-	2.13	3.24	5.90	0.82	4.40	8.23	11.25	24.03	6.96	29.82	33.19	12.83
	C	37.03	34.94	33.21	30.78	22.04	16.68	16.53	23.92	39.50	28.92	32.23	51.14	30.58
	D	4.24	4.90	8.12	9.79	9.85	8.36	3.87	8.51	17.64	26.63	24.52	55.89	13.53
	E	32.79	30.04	25.09	20.99	12.19	8.32	12.66	15.41	21.86	2.29	7.71	15.25	17.05

A = Balance at the beginning of the month at that month's rate
 B = Advances for the month
 C = Total available for the month
 D = Expenditure for the month
 E = Balance still 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 expenditure declared for that month to the Commission, without taking into account sums paid after the 20th of the month in respect of the following month. This procedure explains why negative balances are shown at the end of the month for some Member States.

P.M. = token entry

ANNEXE G VIII
EXPENDITURE CHARGED FOR THE 1978 FINANCIAL YEAR

m EUA (1)

ITEM	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether-lands	United Kingdom	Total EEC
CEREALS	86.807	62.565	167.899	374.944	3.190	137.837	0.266	78.226	87.734	999.468
REFUNDS	79.845	57.457	111.853	347.842	3.152	24.275	0.068	51.005	69.169	744.666
REFUNDS	74.574	57.457	111.699	311.516	3.152	20.641	0.068	47.805	69.169	696.081
COMMUNITY FOOD AID 1978				22.571						22.571
COMMUNITY FOOD AID UNDER PRECEDING PROGRAMMES	5.271		0.154	13.755		3.634		3.200		26.014
INTERVENTIONS	6.962	5.108	56.046	27.102	0.038	113.562	0.198	27.221	18.565	254.802
PREMIUMS FOR THE INCORPORATION OF WHEAT IN ANIMAL FEED			0.057							0.057
PRODUCTION REFUNDS FOR POTATO STARCH		1.679	2.977	3.001				16.465		24.122
OTHER PRODUCTION REFUNDS	6.671	0.055	16.173	20.662	0.038	8.156		9.360	18.333	79.448
AID FOR DURUM WHEAT						90.131				90.131
CARRYOVER PAYMENTS		0.438	6.155	2.538				1.293		10.424
BUYING-IN AND SUBSEQUENT OPERATIONS	0.022	2.936	30.579	-0.349		15.044	0.198	0.003	0.232	48.665
SPECIAL INTERVENTION MEASURES			- 0.042							- 0.042
OTHER INTERVENTION	0.269		0.147	1.250		0.231		0.100		1.997
RICE	0.831	0.002	3.222	0.024		12.449		0.186	0.003	16.717
REFUNDS	0.092	0.002	3.182	0.024		12.406		0.142	0.003	15.851
REFUNDS	0.092	0.002	3.182	0.024		3.101		0.142	0.003	6.546

(1) The figures given are in millions of agricultural units of account except the totals which are in m EUA; the difference is entered under the item "expenditure resulting from the application of different exchange rates (see page 89)

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether-lands	United Kingdom	Total EEC
Common measure food aid 1978						6.295				6.295
Common measure food aid preceding programmes						3.010				3.010
Intervention	0.739		0.040			0.043		0.044		0.866
Milk/dairy products	209.900	259.179	1149.852	573.269	193.143	22.489	19.181	609.655	328.988	3365.656
Refunds	119.393	152.399	231.371	195.626	123.817	10.121	1.407	420.782	58.555	1313.471
Refunds	94.163	152.399	136.099	177.420	112.736	10.121	0.894	390.026	56.312	1130.170
Refunds on food aid, 1978	5.940		6.476	5.534						17.950
Refunds on food aid preceding programmes	19.290		88.796	12.672	11.081		0.513	30.756	2.243	165.351
Intervention/skimmed milk	67.334	87.106	654.963	333.995	58.306	- 2.269	13.885	153.506	148.689	1515.515
Aid for skimmed-milk powder - animal feed	16.485	6.889	139.017	264.075	11.213	1.627	0.584	95.922	95.050	630.862
Aid for liquid skimmed-milk animal feed	20.455	60.730	86.069	3.399	11.869	2.359	0.136	2.220	23.298	210.535
Aid for skimmed milk processed into casein		2.482	31.856	44.641	24.774			36.072	2.951	142.776
Private storage										
Public storage and special disposal measures	30.394	17.005	398.021	21.880	10.450	- 6.255	13.165	19.292	27.390	531.342
Food aid - public stocks of skimmed-milk powder										
Other intervention										

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether-lands	United Kingdom	EEC total
Intervention/butter and cream	24.868	19.740	232.590	47.085	16.536	10.278	3.754	45.895	126.295	527.041
Private storage	6.902	0.960	7.290	10.835	5.456		0.272	14.679	7.406	53.800
Public storage and special disposal measures	17.966	9.965	222.771	26.080		5.545	3.180	31.216	41.441	358.164
Special measures for absorbing surpluses of butter fats		8.815	2.529	10.170	11.080	4.733	0.302		77.448	115.077
Food aid - butter from public stocks										
Other intervention										
Intervention/other milk products	0.228	0.293	1.109	4.126	0.103	10.175	0.001	0.344	5.969	22.348
Storage of cheese			0.004	3.858		10.175				14.037
Participation school milk	0.228	0.293	1.105	0.268	0.103		0.001	0.344	5.969	8.311
Other intervention										
Other measures milk and milk products sector	1.483	5.987	39.678	22.437	0.452		0.334	3.897	6.545	80.813
Guarantee share non-marketing and conversion premiums	1.483	5.987	39.678	22.437	0.452		0.334	3.897	6.545	80.813
Other measures										
Financial participation by milk producers	- 5.257	- 8.734	- 34.923	- 33.173	- 6.396	- 5.859	- 0.467	- 17.546	- 25.067	- 137.422
Expenditure to promote expansion of markets	1.851	2.388	25.064	3.173	0.325	0.043	0.267	2.777	8.002	43.890
Market development measures		0.825	3.589	2.903	0.213				1.215	8.745
Distribution of school milk	0.258	0.363	1.721	0.270	0.112		0.002	0.506	6.776	10.008

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether- Lands	United Kingdom	EEC total
Special disposal measures butter fat	1.593	1.200	19.754			0.043	0.265	2.271	0.011	25.137
Other measures										
Oils and fats	1.702	0.709	41.154	60.516		214.222		7.439	8.132	333.874
Refunds/olive oil				0.006		0.006			0.010	0.022
Intervention/olive oil	0.001			1.415		207.261				208.677
Production aid				0.531		169.171				169.702
Storage						31.274				31.274
Other intervention	0.001			0.884		6.816				7.701
Refunds/colza, rape, sunflower		0.001		0.004				0.100	0.001	0.106
Intervention/colza, rape, sunflower	0.032	0.701	41.153	51.545		6.779		6,234	8.120	114.564
Production aid	0.032	0.676	41.123	51.545		6.779		6,234	8.120	114.509
Storage		0.025	0.030							0.055
Other intervention										
Intervention/other seeds (item 1201)	1.669	0.007	0.001	7.546		0.176		1.105	0.001	10.505
Aid for cottun seed						0.176				0.176
Aid for soya seed				0.346					0.001	0.347
Aid for flax seed	1.669	0.007	0.001	7.200				1.105		9.982
Aid for other oil seeds										

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether- Lands	United Kingdom	EEC total
Sugar	107.744	34.307	161.419	358.106	2.869	34.266		45.343	26.156	770.210
Refunds/ sugar	93.480	26.448	114.285	289.360				31.473	1.892	556.938
Refunds	93.480	26.448	114.278	288.244				31.473	1.892	555,815
Refunds Community food aid 1978			0.007	1.116						1.123
Refunds Community food aid under preceding programme										
Intervention/sugar	14.264	7.859	47.134	68.746	2.869	34.266		13.870	24.264	213.272
Denaturing premiums			0.351	0.246				0.063		0.660
Refunds for use in chemical industry		0.041	0.084	0.009				0.159	0.001	0.294
Reimbursement of storage costs	14.214	7.818	46.699	60.993	2.869	34.266		13.648	23.517	204,024
Public storage	0.050									0.050
Measures for sugar produced in French overseas departments				7.498					0,746	8.244
Sugar import subsidy										
Other intervention										
Beef and veal	13.647	47.076	158.882	33.861	112.970	140.885		34.155	25,268	566.744
Refunds	11.181	10.944	34.899	18.568	20.173	0.447		20.070	5.270	121.552
Refunds	11.181	10.944	34.899	18.568	20.173	0.447		20.070	5.270	121.552
Refunds Community food aid										

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether- Lands	United Kingdom	EEC total
Intervention/storage	2,466	36,132	124,112	15,294	92,771	49,443		14,085	16,129	350,432
Private storage	2,484	0,923	11,497	6,563	4,304	0,026		0,776	4,241	30,814
Public storage	- 0,018	35,209	112,615	8,731	88,467	49,417		13,309	11,888	319,618
Other intervention			- 0,129	- 0,001	0,026	90,995			3,869	94,760
Aid for social security recipients									0,001	0,001
Premiums for orderly marketing and slaughter of beef cattle			- 0,129		0,026				3,868	3,765
Premiums for reconstitution of herds				- 0,001		90,995				90,994
Other										
Pigmeat	2,465	19,651	2,173	1,206	0,381	6,674		5,367	0,363	38,280
Refunds	0,469	19,169	1,583	0,281	0,327	0,348		4,242		26,419
Intervention	1,996	0,482	0,590	0,925	0,054	6,326		1,125	0,363	11,861
Eggs/poultrymeat	0,862	4,826	5,030	13,715		0,113		5,494	3,638	33,678
Refunds on eggs	0,327	0,116	1,928	0,334		0,097		2,993	0,317	6,112
Refunds on poultrymeat	0,535	4,710	3,102	13,381		0,016		2,501	3,321	27,566
Fruit/vegetables	0,229	0,946	1,465	10,272	0,082	82,917		2,408	1,883	100,202
Refunds	0,082	0,946	1,178	4,065	0,082	38,675		0,938	1,520	47,486
Refunds on fruit and vegetables	0,039	0,574	0,202	1,436		17,913		0,600	0,001	20,765
Refunds on products processed from fruit and vegetables	0,043	0,372	0,976	2,629	0,082	20,762		0,338	1,519	26,721

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether-lands	United Kingdom	EEC total
Intervention/fruit and vegetables	0.147		0.287	2.573		44.242		1.470	0.363	49,082
Financial compensation for withdrawal and buying-in	0.147		0.287	2.445		18.990		1.470	0.363	23,702
Processing and distribution				0.002						0,002
Financial compensation for promotion of Community citrus fruits				0.126		10.060				10,186
Financial compensation for processing citrus fruits						15.192				15,192
Other intervention										
Intervention/processed products				3.634						3,634
Wine	0.004		0.687	32.837		28.945	0.047			62,520
Refunds	0.004		0.041	1.137		0.353				1,535
Intervention			0.646	22.268		28,592	0.047			51,553
Private storage aid			0.350	13.517		20,983	0.047			34,897
Aid for restorage of table wines			0.023	1,698		0,421				2,142
Distillation of wine			0.282	3,307		7,188				10,777
Other intervention			- 0.009	3,746						3,737
Other expenditure				9,432						9,432
Obligatory distillation of by-products of wine-making				9,432						9,432

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether- Lands	United Kingdom	EEC total
Tobacco	2.220		15.807	54.646		137.235		0,005		209.913
Refunds			0.421			2.158		0,005		2,584
Intervention	2.220		15.386	54.646		135.077				207.329
Premiums,	2.220		14,908	54,646		107,967				179,741
Storage			0.478			26.511				26,989
Other intervention						0,599				0,599
Fisheries	0.296	0.437	2.505	1.170	0.763	2.889		2,597	3,364	14,021
Refunds	0.076	0.328	1.144	0,289	0.532			2,349	2,450	7,168
Intervention	0.220	0.109	1.361	0.881	0.231	2.889		0.248	0.914	6,853
Withdrawals and other intervention	0.220	0.109	1.361	0,881	0.231	2.889		0.248	0.914	6,853
Private storage aid										
Other intervention										
Alcohol										
Refunds on alcohol										
Intervention/alcohol										

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether-lands	United Kingdom	EEC total
Other common market organizations	3.425	12.113	10.703	34.254	0.334	3.677	0.020	9.114	7.905	81.545
Intervention/ flax and hemp	1.744		0.006	10.080		0.840		1.087	0.658	14.415
Intervention/fibre flax	1.744			9.184		0.825		1.087	0.658	13.498
Intervention/hemp			0.006	0.896		0.015				0.917
Seeds	0.777	5.032	1.432	3.861	0.110	0.135	0.020	3.638	2.742	17.747
Hops	0.305		6.488	0.337	0.021				1.913	9.064
Silkworms				0.006		0.535				0.541
Dehydrated fodder	0.212	7.081	2.631	19.970	0.203	2.167		3.867	2.555	38.686
Potatoes										
Sheepmeat										
Other	0.387		0.146					0.522	0.037	1.092
Refunds on certain goods obtained from from processing agricultural products	13.718	23.088	21.874	17.967	13.349	9.215	0.059	43.942	41.141	184.353
Accession compensatory amounts intra- Community trade	1.359	1.621	3.036	1.627	5.224	2.664		7.587	0.002	23.120
Monetary compensatory amounts	44.825	195.937	119.531	106.803	161.984	-42.533	- 0.110	184.180	-53.660	716.957
Intra-Community trade	37.951	195.937	65.573	105.455	161.936	-43.286	- 0.134	169.616	-174.572	518.476
MCAs on imports paid or charged by importing Member States	- 7.273		- 177.945	213.567	2.533	7.104	- 0.217	- 11.579	6.718	32.908
MCAs on imports paid by exporting Member States	34.984	195.933	129.575	277.828	188.826			145.514		972.659
MCAs on exports paid or charged by exporting Member States	10.240	0.004	113.943	-385.940	-29.422	-50.390	0.083	35.681	-181.290	- 487.091

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembg.	Nether- Lands	United Kingdom	EEC total
MCAs in extra-Community trade	6.874		53,958	1,348	0.048	0,753	0.024	14,564	120.912	198.481
Portion of MCAs granted on imports over and above levy				1,348	0.048	0,753			120.912	123.061
MCAs paid on exports	6.874		53,958				0.024	14,564		75.420
All sectors in ECU and compensatory amounts	490.034	662.457	1865.239	1675.217	494.289	793.944	19.463	1035.698	480.917	7517.258
Expenditure resulting from application of different exchange rates	111.735	143.834	623.803	64.186	57.875	-46,787	4.492	238,188	-41.884	1155,442
Grand total (1)	601.769	806.291	2489,042	1739,403	552.164	747,157	23.955	1273.886	439,033	8672.700
of which: Refunds (2)	326.1	295.6	580.8	890.2	161.5	98.9	1.6	595.1	304.6	3254.4
First category intervention	114.0	300.6	501.7	728.7	233.8	573.5	1.0	374.6	95.3	2923.2
Second category intervention	50.0	66.3	782.7	56.3	99.0	121.6	16.8	66.0	81.0	1339.7
Grand total corrected on the basis of Article 2a of Reg. 974/71	558.8	567.8	2,316.1	1450.9	341.3	1165.6	23.9	1094.9	1153.4	8672.7

(1) Without taking into account corrections relating to the breakdown of expenditure by Member State under the system whereby the exporting Member State pays MCAs for the importing Member State in intra-Community trade. Amounts paid under this system are entered on the line "MCAs on import" under the name of the Member State making the payment. For these corrections, see Table 5, page 24 and corrected grand total.

(2) The refund total includes MCAs paid on trade with third countries.

ANNEX G IX

Breakdown of intervention in respect of storage costs in the 1978 financial year

m agricultural units of account

Sector	Private storage	Public storage	of which		
			Technical costs	Financial costs	Difference between buying-in and selling prices
Cereals	-	48.7	39.6	16.0	6.9
Milk and dairy products	67.8	913.1	44.9	100.0	768.2 ¹
Oils and fats	token entry	31.3	12.9	9.8	8.6
Sugar	204.-	-	-	-	-
Beef and veal	30.8	319.6	65.7	48.3	205.6
Pigmeat	11.9	-	-	-	-
Wine	34.9	-	-	-	-
Tobacco	-	27.0	1.9	4.2	20.9
TOTAL	349.4	1 339.7	165.0	178.3	996.4

¹Mainly special measures for the disposal of milk and dairy products within the Community under Articles 6 and 12 of Regulation (EEC) No 804/68 (recipients of social security, army, non-profit-making organizations, Christmas butter) and outside the Community.

ANNEX G X

Products in public storage

at 31 Dec 1978

Product	Quantity (tonnes)	Value (agricultural units of account) ¹
Common wheat	1 050 777.722	141 329 603.61
Barley	181 895.111	23 100 679.10
Rye	600 782.435	82 607 584.81
Durum wheat	150 466.221	28 739 048.21
Milk powder	721 826.516	522 919 111.26
Butter	258 100.003	465 096 205.41
Olive oil	104 894.796	121 677 963.36
Oil seeds	820.056	237 816.24
Frozen beef	135 916.710	192 458 061.36
Boned beef	79 361.967	161 660 326.78
Preserved beef	37 089.539	56 969 531.90
Tobacco	21 616.608	38 110 079.90
EEC total		1 864 906 011.94

¹The value has been obtained by applying the prices fixed in agricultural units of account by Regulation (EEC) No 2879/79.

ANNEX G XI

Expenditure of the Guarantee Section of the EAGGF by sector¹

SECTOR	1974 ²	1975 ²	1976	1977	1978
CEREALS	383.0	589.3	655.9	629.9	1112.5
Refunds	66.5	329.9	403.4	365.7	831.9
Intervention, of which	316.5	259.4	252.5	264.2	280.6
- Denaturing premium	16.4	0.3	-	- 0.1	0.1
- Production refund	194.8	90.6	51.2	76.7	117.0
- Aid for durum wheat	69.3	103.1	82.8	134.8	89.0
RICE	1.0	3.4	18.4	13.5	17.9
Refunds	0.4	2.8	18.2	13.3	16.8
Intervention	0.6	0.6	0.2	0.2	1.1
DAIRY PRODUCTS	1257.9	1193.7	2277.7	2924.1	4014.7
Refunds	361.6	331.4	765.6	1417.4	1565.0
Intervention, of which	896.3	862.3	1512.1	1506.7	2449.7
- Aid for skimmed milk	499.3	538.7	656.5	725.5	965.1
- Aid for casein	84.2	68.0	99.1	127.5	166.4
- Storage and special measures	258.8	189.8	246.1	355.8	618.8
- Food aid	93.9	-	-	-	-
OILS AND FATS	120.1	187.8	247.1	268.5	324.8
Refunds	0.7	0.6	10.3	1.0	0.2
Intervention, of which	119.4	187.2	236.8	267.5	324.6
- Aid for olive oil	109.2	158.3	143.4	177.1	143.6
- Aid for colza, rape and sunflower seeds	10.2	28.9	93.4	90.4	131.0
SUGAR	106.1	271.2	229.3	698.4	878.0
Refunds	98.2	27.8	62.0	409.1	640.4
Intervention, of which	97.9	243.4	167.3	189.3	237.6
- Reimbursement of storage costs	77.2	94.7	147.8	177.9	227.9
BEEF AND VEAL	322.1	923.3	615.9	467.7	638.7
Refunds	54.3	145.9	133.6	132.1	145.4
Intervention, of which	267.8	777.4	482.3	335.6	493.3
- Public and private storage	251.2	407.2	347.7	290.5	413.0
- Orderly marketing premiums	14.6	250.5	87.9	3.9	3.4
- Premium for restocking of herds	-	88.1	46.6	41.1	76.9
PIGMEAT	69.7	56.9	29.0	37.3	45.0
Refunds	59.9	40.7	24.7	29.3	32.2
Intervention	9.8	16.2	4.3	8.0	12.8
EGGS AND POULTRYMEAT (Refunds)	18.2	9.4	15.1	25.6	38.1
FRUIT AND VEGETABLES	58.5	72.6	185.1	178.2	100.7
Refunds	15.2	28.9	44.0	50.8	47.9
Intervention	43.3	43.7	141.1	127.4	52.8
WINE	41.0	141.3	133.8	89.9	63.7
Refunds	0.2	0.8	1.6	1.4	1.6
Intervention, of which	40.8	140.5	132.2	88.5	62.1
- Private storage aid	25.3	36.5	38.7	35.6	35.3
- Other (mainly distillation)	15.5	104.0	93.5	52.9	26.8
TOBACCO	166.4	200.5	185.4	205.2	216.1
Refunds	0.1	1.4	1.7	4.3	2.7
Intervention	166.3	199.1	183.7	200.9	213.4
FISHERIES	1.2	10.0	11.0	8.8	15.4
Refunds	0.7	3.0	4.0	3.8	8.0
Intervention	0.5	7.0	7.0	5.0	7.4
INTERVENTION MISCELLANEOUS PRODS.	36.4	58.8	76.2	56.6	91.0
Flax and hemp	11.6	14.4	20.3	14.4	15.4
Seeds	15.6	24.6	24.1	18.1	20.3
Hops	5.1	7.8	16.0	9.9	11.2
Silkworms	0.4	0.6	0.4	0.3	0.5
Dehydrated fodder	3.7	11.4	15.4	13.8	42.6
Non-Annex II Products (Refunds)	13.7	23.9	67.0	136.3	208.5
TOTAL EXPENDITURE AGRICULTURE	2596.3	3742.1	4746.9	5640.0	7765.2
Accession compensatory amounts	346.4	444.8	402.0	201.1	27.2
Monetary compensatory amounts	153.5	335.6	438.2	989.2	880.3
TOTAL EXPENDITURE EAGGF GUARANTEE	3095.2	4522.5	5587.1	6830.4	8672.7

¹ The expenditure is taken from the statements by the Member States under the system of advances and charged to each financial year in accordance with Article 109 of the Financial Regulation.

² Since 1 January 1978 the budget of the European Communities has been expressed in European units of account (EUA) representing the weighted average of the exchange rates for the Member States' currencies, and no longer the unit of account (U.a.), which was based on the rates of the different currencies declared to the International Monetary Fund. All the figures in this table are therefore expressed in EUA to enable them to be compared more easily. For the years 1974 to 1977 amounts in U.a. have been converted into EUA on the basis of coefficients for each financial year and each Member State (see Annex G 113).

ANNEX G XII

BREAKDOWN OF EXPENDITURE BY ECONOMIC CATEGORY - 1978 FINANCIAL YEAR (m.u.a.) (a)

SECTOR	TOTAL EXPENDITURE	Breakdown according to economic nature of operations					
		EXPORT REFUNDS	INTERVENTION				Total
			Storage (1)	Withdrawal and similar operations	Price compensatory measures	Guidance premiums	
a	b	c	d	e	f	g	h=d+e+f+g
A. Cereals	999.5	744.7	48.7	-	206.1(2)	-	254.8
Rice	16.7	15.9	-	-	0.9	-	0.9
Milk products	3365.7	1313.5	957.3	-	1014.0(3)	80.8(4)	2052.1
Oils and fats, including	333.9	0.1	31.4	-	302.4	-	333.8
- olive oil	208.7	-	31.3	-	177.4(5)	-	208.7
- oilseeds	114.7	0.1	0.1	-	114.5	-	114.6
- flax seed	10.5	-	-	-	10.5	-	10.5
Sugar	770.2	556.9	204.1	-	9.2	-	213.3
Beef and veal	566.7	121.6	350.4	-	3.7	91.0(6)	445.1
Pigmeat	38.3	26.4	-	-	11.9	-	11.9
Eggs and poultrymeat	33.7	33.7	-	-	-	-	-
Fruit and vegetables	100.2	47.5	-	23.7	29.0(7)	-	52.7
Wine	62.5	1.5	34.9	20.2(8)	5.9(9)	-	61.0
Tobacco	209.9	2.6	27.0	-	180.3	-	207.3
Fisheries	14.0	7.2	-	6.8	-	-	6.8
Flax and hemp	14.4	-	-	-	14.4	-	14.4
Seeds	17.7	-	-	-	17.7	-	17.7
Hops	9.1	-	-	-	9.1	-	9.1
Silkworms	0.6	-	-	-	0.6	-	0.6
Dehydrated fodder	38.7	-	-	-	38.7	-	38.7
Refunds on processed non-Annex II products	184.4	184.4	-	-	-	-	-
Total A	6777.2	3055.9	1653.8	50.7	1845.0	171.8	3721.3
%	100	45.1	24.4	0.7	27.2	2.5	54.9
B. Accession compensatory amounts	23.1	-	-	-	23.1	-	23.1
C. Monetary compensatory amounts							
- Intra-Community trade	518.5	-	-	-	518.5	-	518.5
- trade with third countries	198.5	198.5	-	-	-	-	-
D. Effect of dual rate	1155.4	495.2	328.0	1.4	328.7	2.1	660.2
Grand total	8672.7	3.749,6	1.981,8	52,1	-2.715,3	-173,9	4.923,1
%	100	43,2	22,8	0,6	31,3	2,0	56,8

(a) for footnote's see next page

Footnotes to Annex G XII

- (1) Private and public storage, including certain disposal measures. The details of expenditure are given in Annex 6.
 - (2) Of which production refunds (103.6 m u.a.) + aid for durum wheat (90.1 m u.a.) + other (12.4 m u.a.).
 - (3) This amount takes account of the co-responsibility levy charged: 137.4 m u.a..
 - (4) Premiums for the non-marketing of milk and for the conversion of dairy herds.
 - (5) Production aid (169.7 m u.a.) + other intervention (7.7 m u.a.).
 - (6) Calving premiums to promote the restocking of herds (91.0 m u.a.).
 - (7) Promotion of Community citrus fruit (10.2 m u.a.) + processing of citrus fruit (15.2 m u.a.) + intervention in respect of products processed from fruit and vegetables (3.6 m u.a.).
 - (8) Obligatory distillation of the by-products of wine-making (9.4 m u.a.) + distillation (10.8 m u.a.).
 - (9) Aid for the re-storage of table wines (2.1 m u.a.).
 - (10) The amounts given in A, B and C are in agricultural units of account. The grand total, which takes account of the dual rate effect, is given in European units of account.
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A N N E X G X I I I

Overall cost of the Guarantee Section in relation to gross domestic product (GDP)

Year	EAGGF Guarantee expenditure ('000 m EUA)		Community gross domestic product at market prices (milliard EUA)	EAGGF Guarantee expenditure as % of Community GDP	
	Gross	Minus agricultural levies		Gross	Net
a	b	c	d	e = 100 b/d	f = 100 c/d
1973	3.957	3.414	831.-	0.48	0.41
1974	3.095	2.735	973.-	0.32	0.28
1975	4.523	3.903	1 105	0.41	0.35
1976	5.587	4.414	1 261	0.44	0.35
1977	6.830	4.693	1 399	0.49	0.34
1978	8.673	6.394	1 545	0.56	0.41

EQUALIZATION OF STORAGE COSTS FOR SUGAR

A. COMMUNITY SUGAR

Situation at 20 Feb 1979

Sugar Year	Total levies (u.a.)	Total refunds (u.a.)	Annual balance		Cumulative balance		Duration of storage (months)
			absolute	% (a)	absolute	% (a)	
1968/69	53 636 855.20	52 868 932.20	+ 767 923.00	+ 1.43	+ 767 923.00	+ 1.43	5.63
1969/70	53 952 512.72	57 776 026.61	- 3 823 513.89	- 7.09	- 3 055 590.89	- 2.84	6.13
1970/71	57 098 210.14	53 857 434.48	+ 3 240 775.66	+ 5.68	+ 185 184.77	+ 0.11	5.38
1971/72	80 359 808.48	76 661 531.28	+ 3 698 277.20	+ 4.60	+ 3 883 461.97	+ 1.58	5.93
1972/73	75 327 163.45	75 062 779.39	+ 264 384.06	+ 0.35	+ 4 147 846.03	+ 1.29	5.81
1973/74	84 168 399.00	76 632 999.96	+ 7 535 399.04	+ 8.95	+ 11 683 245.07	+ 2.89	4.80
1974/75	86 499 914.30	81 025 410.06	+ 5 474 504.24	+ 6.33	+ 17 157 749.31	+ 3.49	4.63
1975/76	90 789 574.74	132 811 782.24	- 42 022 207.50	- 46.29	- 24 864 458.19	- 4.27	6.22
1976/77	166 569 432.48	152 605 296.81	+ 13 964 135.67	+ 8.38	- 10 900 322.52	- 1.46	5.97
1977/78	192 086 035.68	190 423 490.10	+ 1 662 545.58	+ 0.87	- 9 237 776.94	- 0.98	5.85

B. PREFERENTIAL SUGAR¹

1977/78	8 386 803.29	8 000 954.70	+ 385 848.59	+ 4.60	+ 385 848.59	+ 4.60	2.26
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(a) % of levies

¹ sugar from the ACP countries, the O.C.T. and India is eligible under the general rules for compensation of storage costs (Regulation (EEC) No 1358/77).

ANNEX G XV

EAGGF Guarantee - Cases of Irregularities reported in 1978

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		All cases		Breakdown by Member State (number of cases and amounts in EUA)												
		Number of cases	Amount in EUA	BELGIUM	DENMARK	GERMANY	FRANCE	IRELAND	ITALY	LUXEMBOURG	NETHERLANDS	UNITED KINGDOM				
CEREALS	Refunds	2	271 092			2	271 092(2)									
	Intervention	2	5 552			1	1 623									
	TOTAL	4	276 644			3	272 715									
BEEF AND VEAL	Refunds	4	135 614		1	50 495	1	68 147	2	16 972						
	Intervention	15	367 173			15	367 173									
	TOTAL	19	502 787		1	50 495	16	435 320	2	16 972						
MILK AND DAIRY PRODUCTS	Refunds	4	42 206			4	42 206									
	Intervention	16	75 703			15	75 703				1	to be determined				
	TOTAL	20	117 909			19	117 909									
PIGMEAT	Refunds															
	Intervention	2	20 596			2	20 596									
	TOTAL	2	20 596			2	20 596									
WINE	Refunds	1	10 143			1	10 143									
	Intervention	4	15 573			4	15 573(2)									
	TOTAL	5	25 716			5	25 716									
NON-ANNEX II PRODUCTS	Refunds	1	2 261													
	Intervention	1	2 261					1	2 261							
	TOTAL	2	4 522					1	2 261							
OILS AND FATS	Refunds															
	Intervention															
	TOTAL															
EGGS AND POULTRYMEAT	Refunds															
	Intervention															
	TOTAL															
FISHERY PRODUCTS	Refunds	4	53 878		4	53 878										
	Intervention															
	TOTAL	4	53 878		4	53 878										
FRUIT AND VEGETABLES	Refunds															
	Intervention															
	TOTAL															
TOBACCO	Refunds															
	Intervention	1	4 133			1	4 133									
	TOTAL	1	4 133			1	4 133									
SUGAR	Refunds															
	Intervention	1	2 645							1	2 645					
	TOTAL	1	2 645							1	2 645					
FOOD AID	Refunds															
	Intervention															
	TOTAL															
TOTAL	Refunds															
	Intervention															
	TOTAL															
MONETARY COMPENSATORY AMOUNTS		58	1 804 438		5	21 638 (1)	3	11 470	5	26 392				2	3 136(3)	
ACCESSION COMPENSATORY AMOUNTS		1	46 655		1	46 655										
GRAND TOTAL		117	2 999 928		11	172 666	49	887 859	9	187 891	1	2 645	1	to be determined	3	7 065
of which recovered		52	855 958		6	68 839	37	681 166	4	32 066	1	2 645			3	7 065
															1	64 177

NOTES

1. DK - including 3 cases relating to the co-responsibility levy (10 833 EUA)
2. D - including accession compensatory amounts
3. NL - including refunds - a number of products are involved
4. UK - for 10 cases the amount has yet to be determined.

ANNEX A I
SUMMARY OF IMPLEMENTATION FOR THE 1978 FINANCIAL YEAR
(Chapter 92 - Community food aid)

APPROPRIATIONS AVAILABLE	m EUA	IMPLEMENTATION	m EUA	% UTILIZATION
<u>A. APPROPRIATIONS FOR THE FINANCIAL YEAR</u>		<u>C. COMMITMENTS</u>		
1. Initial appropriations	223.71	1. Total commitments a)	222.94	99.9
2. Supplementary budget	-	2. Automatic carryovers to 1979	<u>100.07</u>	
3. Transfers (1)	0.49	3. Sums not committed b)	0.28	0.1
<u>TOTAL</u>	223.72 x	<u>TOTAL (a + b)</u>	723.77 x	100
<u>B. APPROPRIATIONS FOR THE PREVIOUS FINANCIAL YEAR</u>		<u>D. PAYMENTS</u>		
- Automatic carryovers from 1977	132.37	1. Application of carryovers from 1977		
- Non-automatic carryovers from 1977	-	-Payments a) from automatic carryovers	112.83	
<u>TOTAL</u>	132.37 y	b) from non-automatic carryovers	0	
		-Lapsed	19.54	
		<u>TOTAL CARRYOVERS FROM 1977</u>	132.37 y	37.3
		2. Application of 1978 appropriations		
		a) Payments	<u>122.87</u>	34.6
		b) Carryovers to 1979		
		. automatic carryovers to 1979	100.07	
		. non-automatic carryovers to 1979	0	
		<u>TOTAL CARRYOVERS FROM 1978 TO 1979</u>	100.07	28.1
		3. Appropriations lapsed		
		. out of 1978 allocation	0.28	
		<u>TOTAL APPROPRIATIONS LAPSED</u>	0.28	0
<u>TOTAL APPROPRIATIONS AVAILABLE</u> (x + y) = z	355.59 z	<u>TOTAL</u>	355.59 z	100

(1) One transfer was made, affecting the total appropriation under Chapter 92 (transfer to Chapter 95)

ANNEX A II

Cash position at 31 December 1978

MEMBER STATE		Advances granted from 1 Jan 1978 to 31 Dec 1978	Amount available at 31 Dec 1977	Expenditure from 1 Jan 1978 to 31 Dec 1978	Amount available at 31 Dec 1978	Adjusted availability at 31 Dec 1978 ¹
		a	b	c	d = (a + b - c)	e
BELGIUM	BFR	1 311 900 000	- 14 097 544	1 077 865 145	219 937 311	219 937 311
	EUA	32 536 168.45	- 342 461.83	26 755 903.59	5 437 803.03	5 545 192.61
DENMARK	DKR	30 800 000	0	291 759.50	30 508 240.50	30 508 240.50
	EUA	4 398 239.87	0	41 294.01	4 356 945.86	4 378 322.75
GERMANY	DM	172 800 000	19 530 543.72	165 633 853.51	26 696 690.21	26 696 690.21
	EUA	67 277 274.45	7 462 979.88	64 594 625.40	10 145 628.93	10 595 985.02
FRANCE	FF	355 500 000	60 001 831.03	408 526 562.01	6 975 269.02	6 975 269.02
	EUA	62 340 454.57	10 599 681.85	71 677 616.45	1 262 519.97	1 206 407.81
IRELAND	IRL	3 858 000	55 176.46	3 651 085.75	262 090.71	262 090.71
	EUA	5 820 390.85	86 101.56	5 522 377.37	384 115.04	388 158.32
ITALY	LIT	33 300 000 000	1 450 473 337	32 906 779 417	1 843 693 920	1 843 693 920
	EUA	31 242 163.63	1 416 560.87	30 659 006.89	1 999 717.61	1 661 689.11
LUXEMBOURG	LFR	11 350 000	0	11 339 158	10 842	10 842
	EUA	277 104.94	0	280 763.66	- 3 658.72	273.36
NETHERLANDS	HFL	68 560 000	1 838 181.04	71 694 205.03	- 1 296 023.99	- 1 296 023.99
	EUA	24 834 950.51	651 105.33	25 826 074.54	- 340 018.70	- 474 029.10
UNITED KINGDOM	UKL	1 025 000	0	952 530.23	72 469.77	72 469.77
	EUA	1 700 707.50	0	1 462 923.50	237 784	107 328.28
TOTAL	EEC/EUA	230 427 454.77	19 873 967.66	226 820 585.41	23 480 837.02	23 409 328.16

¹ EUA rate on 20 Nov 1978

ANNEX I III
EXPENDITURE DECLARED

Member State	Declared expenditure in EUA								Advances granted (f) (L)	Cash available f - d	Availability ad- justed at 20 Nov 1978 rate
	Cereals (a)		Milk and Dairy products (b)		(c) Sugar and other other expenditure		TOTAL (a + b + c) = d				
BELGIUM	9 587 430.23	9 %	17 037 521.11	15 %	130 952.25 ^(xx)	8 %	26 755 903.59	12 %	32 193 706.62	5 437 803.03	5 545 192.61
DENMARK	0	0 %	41 294.01	0 %	0		41 294.01	0 %	4 398 239.87	4 356 945.86	4 378 322.75
GERMANY	1 591 533.49	1 %	62 991 439.15	55 %	11 652.76	1 %	64 594 625.40	28 %	74 740 254.33	10 145 628.93	10 595 985.02
FRANCE	60 856 857.71	55 %	9 407 010.82	8 %	1 413 747.92	91 %	71 677 616.45	32 %	72 940 136.42	1 262 519.97	1 206 407.81
IRELAND	0	0 %	5 522 377.37	5 %	0	0	5 522 377.37	2 %	5 906 492.41	384 115.04	388 158.32
ITALY	30 659 006.89	28 %	0	0 %	0	0	30 659 006.89	14 %	32 658 724.50	1 999 717.61	1 661 689.11
LUXEMBOURG	0	0 %	280 763.66	0 %	0	0	280 763.66	0 %	277 104.94	- 3 658.72	273.36
NETHERLANDS	8 042 467.47	7 %	17 783 607.07	16 %	0	0	25 826 074.54	11 %	25 486 055.84	- 340 018.70	- 474 029.10
UNITED KINGDOM	485 529.14	0 %	577 394.36	1 %	0	0	1 462 923.50	1 %	1 700 707.50	237 784	107 328.28
	111 222 824.93	100 %	114 041 407.55	100 %	1 556 352.93	100 %	226 820 585.41	100 %	250 301 422.43	23 480 837.02	23 409 326.16

Total expenditure at the Community level (in m EUA)

	CEREALS	DAIRY PRODUCTS	SUGAR	OTHER EXPENDITURE	TOTAL
Chap. 92: World prices (mEUA): (including transport costs)	111.223	114.041	1.425	0.131	226.820
Titte 6 : Refunds (m EUA)	61.426	183,301	1.123	-	245,850
Chap. 46: Expenditure resulting from the application of the dual rate (for information only)	9.441	28,173	0.172	-	37.786
Community expenditure	182.090	325.515	2,720	0.131	510.456

(1) including the balance available on 1 Jan 1978

ANNEX A IV

Community food aid financed from the Community Budget
(food aid chapter)

Financial Year	Products	Quantities	Amounts U.S.	TOTALS U.S.
1972	CEREALS AND RICE			
	1968/69 Scheme			
	Bengali refugees	300 599.000	18 812 681.00 (1)	
	1971/72 Scheme	50 000.000	4 907 320.00 (1)	23 750 210.00
1973	CEREALS AND RICE			
	1969/70 Scheme	335 500.000	22 148 041.85 (1)	
	1971/72 Scheme	240 234.000	20 392 330.63 (2)	
	1972/73 Scheme	264 900.000	34 915 656.88 (2)	
	SUGAR			
	1st Convention	8 212.000	1 398 374.25 (2)	
	MILK PRODUCTS			
	(bought on market)	3 020.000	2 145 266.96 (2)	
	EGG PRODUCTS	500 000	1 485 831.61 (1)	
	MILK PRODUCTS	34 580.875	21 178 366.23 (1)	
SUGAR				
1st Convention	3 939.320	1 052 111.00 (1)	104 716 179.28	
1974	CEREALS AND RICE			
	1970/71 Scheme	4 500.000	105 372 966.09 (2)	
	1971/72 Scheme	103 785.000		
	1972/73 Scheme	168 612.000		
	1973/74 Scheme	448 500.000		
	MILK PRODUCTS			
(bought on market)	4 852.700	652 075.37 (2)	106 225 641.46	
1975	CEREALS AND RICE			
	1968/69 Scheme	401.000		
	1970/71 Scheme	469.500		
	1971/72 Scheme	20 001.000		
	1972/73 Scheme	25 888.000		
	1973/74 Scheme	126 637.000		
	1974/75 Scheme	509 081.000		
	SKIMMED MILK POWDER			
	Programmes prior to 1975	26 668.000	163 979 335.46 (2)	
	1975 programmes	24 106.000		
	BUTTEROIL			
	Programmes prior to 1975	25 437.000	1 289 750.65 (3)	
	1975 programmes	6 411.000		
	SUGAR			
1st Convention	4 094.000	748 000.00 (4)		
CEREALS				
1970/71 Scheme	348 070.500	24 135 288.68 (1)	191 152 356.79 98 121.01 (5)	
1976	CEREALS AND RICE			
	1972/73 Scheme	3 000.000		
	1973/74 Scheme	4 863.000		
	1974/75 Scheme	120 419.000		
	1975/76 Scheme	160 620.000		
	BUTTEROIL			
	1974 programme	400.000		
	1975 programme	31 524.000	111 678 895.01 (2)	
	1976 programme	7 110.000		
	SKIMMED MILK POWDER			
	1974 programme	9 630.000	4 206 470.88 (3)	
	1975 programme	24 544.000		
	1976 programme	21 028.000		
	SUGAR			
1975 programme	6 153.000		115 877 485.89	
1977	CEREALS AND RICE			
	1969/70 Scheme	1 400.000		
	1970/71 Scheme	100.000		
	1974/75 Scheme	12 000.000		
	1975/76 Scheme	308 380.000		
	1976/77 Scheme	436 651.000		
	BUTTEROIL			
	1974 programme	300.000		
	1975 programme	7 015.000	183 676 991.08 (2)	
	1976 programme	29 264.000		
	1977 programme	6 200.000	4 007 545.10 (3)	
	SKIMMED MILK POWDER			
	1975 programme	500.000		
1976 programme	96 961.000			
1977 programme	1 230.000			
SUGAR				
1977 programme	6 102.000		187 584 536.18 225 515.23 (6)	
1978(7)	CEREALS AND RICE			
	1974/75 Scheme	2 000.000		
	1975/76 Scheme	32 285.000		
	1976/77 Scheme	257 774.000		
	1977/78 Scheme	557 295.000		
	BUTTEROIL			
	1975 Programme	50.000		
	1976 Programme	7 426.000		
	1977 Programme	33 565.000		
	1978 Programme	11 290.000		
	SKIMMED MILK POWDER			
	1974 Programme	115.000	226 820 585.41 (2)	
	1975 Programme	5 150.000	9 159 194.26 (3)	
1976 Programme	23 536.000			
1977 Programme	78 509.000			
1978 Programme	22 705.000			
SUGAR				
1978 Programme	6 142.000		235 979 779.67 (3)	

Explanatory notes to table A IV

- (1) Final figures corresponding to aid decisions or Commission decisions on the clearance of accounts.
- (2) Provisional figures corresponding to the monthly statements of the Member States.
- (3) Direct payments to certain countries or agencies receiving lump-sum contributions towards the cost of forwarding or distributing goods.
- (4) Equivalent of 2000 tonnes of sugar paid for in cash.
- (5) Correction of the figures shown under (2) following the clearance of accounts for the financial year 1973.
- (6) Correction of the figures shown under (2) following the clearance of accounts for the financial year 1974.
- (7) With effect from 1 January 1978 amounts are given in EUA, not u.a.

Table A IV gives an overall view of food aid granted by the Community in each financial year since the beginning of the scheme.

This table covers only aid entered under the "food aid" heading of the Community budget, and excludes Community food aid in intervention milk products financed up to 31 December 1974 by the EAGGF Guarantee Section.

Up to and including the 1974 financial year the amounts correspond to the value of the goods at Community prices in the case of milk products bought on the market, sugar and egg products, while the figures given for cereals are net of refunds.

From 1975 onwards all figures exclude refunds.

ANNEX A V
Budget appropriations, 1978

C H A P T E R	A R T I C L E	I T E M	Programme	Carryovers from 1977	1978 appropriations			Advances to Member States including balances at 31 Dec 1977	1978 expenditure declared by Member States	Direct payments by Commission (1)	Unused appropriation	Automatic carryovers Art. 6(1)(c) Financial Reg.	Lapsed appropriations	Advances not used by Member States at 31 Dec 1978	
					Entries	Transfers	TOTAL							EUA	EUA adjusted at 20 Nov 78 rate
					a	b	c							d = a + b + c	e
92			<u>Food aid</u>												
	920		<u>CEREALS</u>												
	9200		Before 1978	39 995 539.14	token entry	+ 9 021 856.66	49 017 395.80	47 695 922.54	321 473.26	-	-	-	-		
	9201		1978	-	88 800 000	- 9 021 856.66	79 778 143.34	63 526 902.49	1 811 990.35	14 439 250.50	14 439 250.50	-	-		
	921		<u>Dairy products</u>												
	9210		Before 1978	92 374 480.52	token entry	+3 834 000	126 208 480.52	100 119 205.80	3 660 053.38	22 429 221.34	3 168 596.57	19 260 624.77			
	9211		Skimmed milk powder 1978	-	76 050 000	-22 190 000	53 860 000	7 844 437.32	357 877.27	43 657 685.61	43 657 685.61	-	-		
	9212		Butteroil 1978	-	56 340 000	-11 644 000	44 696 000	6 077 764.33	7 800	38 610 435.67	38 610 435.67	-	-		
	922		<u>SUGAR</u>												
	9220		Before 1978	-	token entry	-	-	-	-	-	-	-	-		
	9221		1978	-	1 520 000	-	1 520 000	1 425 400.68	-	94 599.32	94 599.32	-	-		
	923		<u>Other products</u>												
	924		<u>Other expenditure</u>												
	9240		1978	-	1 000 000	- 490 000 (2)	510 000	130 952.25	-	379 047.75	100 000	279 047.75			
			TOTAL	132 370 019,66 (3)	223 710 000	- 490 000	355 590 019,66	250 301 422,43	9 159 194,26	119 610 239,99	100 070 567,47	19 539 672,52	23 480 837,02	23 409 328,16	

(1) Contributions and transport costs paid directly by the Commission
(2) Transfer to Chapter 95
(3) Or 123 818 213.23 u.a.