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FIRST FINANCIAL REPORT

concerning

THE EUROPEAN AGRICULTURAL GUIDANCE AND  
GUARANTEE FUND

Year 1971

submitted by the Commission of the European Communities to  
the Council of Ministers and the European Parliament

SUMMARY OF THE FINANCIAL REPORT FOR 1971

This document is the first financial report of the Commission concerning the EAGGF drawn up in conformity with Article 10 of Regulation No 729/70.

Although it concerns the 1971 activities, it is an initial report which also recapitulates the main data prior to 1971 and, on certain points, touches on activities relating to 1972. In a few months it will be followed by a second report almost exclusively concerning the administration of the Fund in 1972 and going more deeply into certain problems.

The report consists of three parts, which deal respectively with the activities of:

- The Guarantee Section, responsible for the financing of refunds on exports to non-member countries and interventions to stabilize markets,
- The Guidance Section, responsible for financing schemes to improve agricultural structures and particular measures pending the launching of the financing of the joint actions,
- Questions concerning verifications and irregularities.

Volume I

- Guarantee
- Guidance
- Verification and Irregularities

GUARANTEE SECTION

-II-

The activities of the Guarantee Section in 1971 were dominated by the work connected with the introduction of the definitive financing system on 1 January 1971. This system is characterized by monthly advances of funds to the Member States and by the procedure for the preparation of aid from the Fund for the periods falling under the previous system of financing, a system based on the reimbursement a posteriori of the eligible expenditure of the Member States.

(a) Introduction of the definitive system of financing

The establishment of the new system of financing by means of advances has required, in particular, the designation and the empowering by the six Member States of 40 services and paying agencies, the monthly transmission of statements enabling national financial requirements to be set out and justified (statements of funds available, expenditure and estimates of future outlay) and the granting by the Commission of monthly advances of funds after consultation with the EAGGF Committee. The auditing of accounts must be done later on the basis of actual expenditure. The initiation of this system presented a ready cash problem which was solved by the temporary utilization of a sum of 200 million u.a. transferred from the Guidance Section in accordance with an agreement reached by the Council.

In all the Commission has taken 11 decision on advances in respect of 1971 for a global amount of 1 800 million u.a. The monthly rate of utilization of the funds, which depends on the timelimit for payment and the degree of exactitude of the financial requirements, is on average 75%. However, in Italy, it is only 28%, largely because the payments for certain expenditures are made by "peripheral" offices. For the Six, these payments amounted in total to nearly 1 600 million u.a., that is 87% of the amounts paid out and only 70% of the budgetary credits. This divergence is due essentially to the development of the principal markets, which has led to an important diminution of expenditure in relation to the initial forecasts.

The payments were divided almost equally between refund and intervention expenditure. By far the most important sectors are milk products (36% of expenditure) and cereals (30%), followed by oils and fats (7%) and sugar (7%). The main beneficiaries of the expenditure are, in order of magnitude, France (38%), Germany (25%), the Netherlands (17%) and Italy (14%).

In conclusion, although on the whole the introduction of the new system can be considered as satisfactory, appreciable progress still needs to be made in order to improve the management of these funds.

(b) Reimbursements concerning the transition period of financing

These were effected by the granting of an advance of 1 100 million u.a. (75% of the expenditures) in respect of the second half of 1970 and by the granting of aid for the period of 1966/67 to an amount of 395 million u.a., of which 278 million had already been advanced on account. The accounts of the four following periods, which represent a total of 7 000 million u.a. still have to be closed. However, allowing for the advances already paid, the movement of funds does not exceed 1 700 million u.a., of which the spreading out over time is ensured by the Council's Regulation on "aggregated" payments.

Despite the adoption of all the implementing procedures necessary and the efforts made to speed up the work, the draft timetable submitted to the Council does not foresee the definitive closure of the accounts for the transition period before 1975.

GUIDANCE SECTION

The activities of the Guidance Section were marked in 1971 by the continuation of the granting of aid to schemes for the improvement of structures and the financing of special measures, as well as the development of payments for aid decided on earlier.

(a) Financing of joint actions

No expenditure was effected in 1971 under the heading of joint actions of structural policy in the meaning of Article 6 of Regulation No 729/70, but the first decisions in this matter were taken by the Council, and this will have financial repercussions in the years to come.

(b) Projects to improve agricultural structures

In 1971 the Commission decided on the granting of aid to the 1970 projects for an amount of 160 million u.a., which brings to 509 million u.a. the total amount of credits granted by the EAGGF for these projects since 1964. 2 209 projects have thus benefited by the help of the Guidance Section.

The aid granted breaks down into 57% for production structures, 38% for marketing structures and 5% for mixed structures. The size of the resources brought to bear has made it possible to provide equipment which is reflected in an improvement of the income of farmers, on the one hand, through the reduction of their equipment expenditure and, on the other hand, by developing the outlets for farm products.

In 1971, 335 payments were made for a total of 29 756 427 u.a. This brings the total payments made since the EAGGF began to function to 89 136 624 u.a. by 31 December 1971, that is 17.5% of the corresponding commitments. It should be recalled that the carrying out of projects often requires several years and that, for this reason, the payments are in many cases made several years after the decision to accord aid. The percentage of payments is shared unequally among the Member States, those in favour of French and, particularly, Italian schemes being proportionately lower than those in favour of the other Member States.

(c) The financing of particular measures

Since 1966 a part of the credits available for the Guidance Section has been used to finance special measures.

In 1971 the Commission granted aid under this heading for an amount of 3 923 813 u.a. In all 213 757 843 u.a. have been made available to the Member States since 1966.

VERIFICATIONS AND IRREGULARITIES

A special chapter deals with verifications of expenditure and with the problems relating to irregularities.

(a) Verifications

The verification of expenditure financed by the EAGGF is carried out first of all on the basis of the documents transmitted by or through the Member States and then in situ with the national agencies responsible for the payments or with the beneficiaries of the aid granted.

As regards the Guarantee Section, the verification of the documents received is first of all a material one, in the sense that it is carried out in the light of the accounting and formal data submitted, after which there are confrontations with other data and information available to the departments of the Commission.

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The doubtful cases are examined more thoroughly in cooperation with the representatives of the Member States. The work is completed by a check on the spot.

In 1970, 45 days of mission were devoted to such checks on the spot with a view to passing the accounts for the 1966/67 accounting period.

As for the Guidance Section, applications for financing are transmitted to the Commission by the national bodies concerned with schemes for the improvement of agricultural structures. They are accompanied by supporting documents justifying the payments made and to be counted against the subsidies granted. These documents are replaced by a certificate, a list of the documents and a descriptive report of the nature of these same supporting papers. If required, the Commission may ask for the transmission of the original papers. In 1971, 56 applications for payment were the subject of a request for more ample details. Checks on the spot are made after completion of the work and concern the effective carrying out of the investments, their conformity with the application for aid and the grounds for the entry of the supporting documents in the list annexed to the application.

In 1971, 16 schemes were checked on the spot and it proved possible to make the relevant payments in 13 cases. For the three others the procedure of suspension, reduction or suppression has been initiated.

(b) Irregularities

The year 1971 was essentially devoted to the negotiation in the Council of a Commission proposal which became Regulation No 283/72. It is based on Article 8 of Regulation No 729/70 and essentially introduces three types of measures.

- (a) Communication to the Commission of the laws, regulations and administrative practices of the Member States, particularly with a view to preventing and sanctioning irregularities and recovering monies lost thereby.

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- (b) - The creation of an information system comprising the quarterly transmission of a report indicating the cases of irregularities which have been the subject of a first official report, the procedures initiated with a view to recouping the monies wrongly paid out and the notification of irregularities whose forms might rapidly spread to another Member State.
- (c) - The launching of an administrative enquiry when the Commission considers that irregularities and negligence have been committed in one or more Member States

In the course of 1972 the first executive measures based on this Regulation were taken and, in particular, the Member States reported the first cases of irregularities which are in the process of examination.



CONTENTS  
FIRST FINANCIAL REPORT OF THE COMMISSION  
CONCERNING THE EAGLE (1971)

Preliminary remarks

Title I THE GUARANTEE SECTION

- Chapter 1      The definitive financing system
1. Field of application
- Section A      General functioning of the definitive system
2. A word about the past
3. Regulation No 729/70
4. Regulation No 2 597/70
5. Regulation No 1 723/72
6. Conclusions
- Section B      The paying agencies and services
7. Analysis of Article 4 of R. No 729/70
8. General description
9. Particular features
10. Conclusions
- Section C      Monthly advances and the ready cash supply
11. The decisions on advances
12. The start-up and the 200 million u.a.
13. Financial execution by the Commission
14. Availabilities in the Member States
15. Rate of utilization of the Community funds
16. Conclusions
- Section D      Payments
17. The problem of charging to budgets
18. The quantified results of payments
19. The gap between the payments and  
the budgetary credits

- Section E      The passing of the accounts
20. Establishment of the system in accordance with Article 5 of R. 729/70
- Chapter 2      The transitional financing period and special expenditure
- Section A.      Advances and other payments
- 1      21. Advances -- the advance for the second half-year of 1970
- 2      22. Other payments -- the "aggregation" system
- Section B      Fund aid
23. The final closing of accounts for 1966/67
24. Preparation of subsidies 1967/68 to 1970
25. Quantified balance-sheet of financing up to 1 January 1971
26. Commentary on growth of expenditure
- Section C      Special expenditure
27. Consequences of the German revaluation of 1969
- Chapter 3      Contributions
28. The system of contributions from 1962 to 1970
29. The system of "own resources" as from 1 January 1971

Title II THE GUIDANCE SECTION

- Chapter 1      The financing of joint actions
30. The state of financing of joint actions
- Chapter 2      The financing of projects for the improvement of agricultural structures
- Section A      Decisions on aid
31. The decision for 1970
32. The number and size of the projects
33. Breakdown by categories
34. Breakdown by sectors
35. The projects submitted in 1971
36. Balance-sheet of 7 years of financing of the projects

- Section B The execution of the decisions relating to the granting of aid for individual projects
  - 1 The implementing procedures
    - 37. The prior conditions to payments
    - 38. Payment of the subsidy
  - 2 The problems connected with payments
    - 39. The payments made in 1971
    - 40. The timelimits for the execution of the project and special report
    - 41. Amendments and cancellation of decisions
    - 42. The total payments since the EAGGF began to function

Section C The financing of special measures

- 1 The aid decisions
  - 43. Characteristics
  - 44. Details of aid in 1971
  - 45. The amount of credits allocated
- 2 The execution of the decisions
  - 46. Payments of the aid granted
  - 47. Payments in 1971

Section D Contributions

- 48. The contributions due by the Member States
- 49. The agreement reached

Title III VERIFICATION AND IRREGULARITIES

Section A Verifications

- 50. General
- 51. Verifications in the Guarantee Section
- 52. Verifications in the Guidance Section
- 53. Verifications concerning the individual projects
- 54. Verifications concerning the special measures

Section B Irregularities

- 55. General
- 56. The measures provided for in R.283/72
- 57. The legislation of the Member States
- 58. The information system
- 59. The cases of reported irregularities

Recapitulatory list of the Tables contained in the Report

	Page
1. The decisions on monthly advances for 1971	9
2. Average rate of utilization of the Community funds made available to the Member States (April to December 1971)	11
3. Total of payments made by sector and type of financing in 1971	13
4. Payments made by the Member States in 1971	14
5. Expenditure of the second half of 1970 by sectors	18
6. Breakdown of the expenditure of the second half of 1970 by Member States	19
7. Execution in 1971 of the resolution of 21 April 1970 on "aggregation"	20
8. Balances of clearing operations for the 1966/67 period	21
9. Expenditure of the EAGGF (Guarantee Section) for the periods prior to 1 January 1971	23
10. Granting of aid by the EAGGF (Guidance Section) for 1970	29
11. Breakdown by categories of the projects financed by the Guidance Section between 1964 and 1970	30
12. Breakdown by sector of the aid granted between 1964 and 1970 by the Guidance Section	31
13. Payments concerning individual projects carried out in 1971 by Member States	36
14. Situation at 31 December 1971 of the aid for 1964 concerning individual projects	38
15. Situation at 31 December 1971 of the aid for 1965 concerning individual projects	38
16. Breakdown by Member States of the credits allocated for special measures as of 31 December 1971	42
17. Payments made in 1971 under the heading of special measures	44
18. Breakdown of the aid granted to the Member States for years 1964 to 1970	45
19. Breakdown of the contributions due for aid from 1964 to 1970	46
20. Breakdown of the contributions paid by the Member States as of 31 December 1971	46

First Financial Report of the Commission concerning  
the EAGGF (1971)

Preliminary remarks

Article 10 of Regulation No 729/70 concerning the financing of the common agricultural policy lays down that the Commission shall send each year to the Council and the Parliament a financial report on the EAGGF. This Article runs as follows:

"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 for achieving Community financing".

The objective of this text is to make available to the Institutions concerned a periodical instrument of information having a synthetic character and making it possible to keep a better eye on the evolution of Community financing and the way it is being carried out.

In view of the serious difficulties encountered by the EAGGF in the exercise of its tasks and the considerable delays in achieving its work the Commission has not been able to submit the report on the date laid down.

In conformity with Article 14 subsection 1(c) of Regulation No 729/70, the EAGGF Committee was consulted on 1 December 1972. When the final editing was being done, account was taken of the comments made by the delegations.

As regards the area covered, this report, being the first, anticipates the period from 1 January to 31 December 1971 so as to present a brief background picture.

The Commission will endeavour to present the second report to the Council and the European Parliament within the time limits laid down in Article 10 of Regulation No 729/70 and to improve its contents, particularly by taking into account the various comments which will be submitted to it.

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TITLE I THE GUARANTEE SECTION

1. Field of application

The Guarantee Section of the EAGGF finances the expenditure incurred through the implementation of the common organization of the agricultural markets, that is to say, on the one hand, the refunds on exports to third countries, which cover the price difference between the world market and the Community market, and on the other hand, the interventions intended to keep markets stable. In the course of the 1971 financial year, Community financing was extended to fisheries on 1 February, to cottonseed and hops on 1 August and to seeds on 25 October. In addition, the refund system was generalized in the sector of products processed from fruit and vegetables with effect from 2 July 1971.

CHAPTER 1

The definitive financing system

The year 1971 was marked by the introduction of a completely new financing system, and this by virtue of the Council agreements of December 1969, which were given concrete form by the provisions of Articles 1 to 5 of Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy<sup>1</sup>:

SECTION A - GENERAL FUNCTIONING OF THE DEFINITIVE SYSTEM

2. A word about the past

Since the beginning of Community financing, that is to say from July 1962 until the end of 1970, that is for  $8\frac{1}{2}$  years, the financial functioning of the Guarantee Section was based on the principle of the reimbursement to the Member States of eligible expenditures under the Guarantee Section of the EAGGF. This meant that the Member States had first of all to provide the necessary credits in the framework of their national budget, then place the funds at the disposal of their services, and finally submit applications for reimbursement to the Commission.

3. Regulation 729/70

The definitive system for the financing of the expenditure of the agricultural markets created by Regulation (EEC) No 729/70 came into force on 1 January 1971, parallel with the introduction of the system of the

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<sup>1</sup>OJ No L 94, 28 April 1970.

Community's own resources. It is characterized by a system of advances to the Member States followed by the annual auditing of accounts on the basis of the expenditure actually incurred.

This system, which is defined in Articles 4 and 5 of the said Regulation, comprises in particular:

- (a) the designation by the Member States of the services and bodies empowered to pay the expenses of the common policy for agricultural markets and the transmission to the Commission of certain information on how these services work;
- (b) The periodical transmission by the Member States to the Commission of certain documents from which it is possible to know what the financial requirements are and to carry out the examination and the charging to the Community of the payments made by the relevant services;
- (c) The periodical grant by the Commission of advances of funds enabling the Member States to cover the expenditure which has to be borne by the paying services and agencies;
- (d) The annual auditing of the accounts of the paying services and agencies. This act carried out by the Commission in fact constitutes the recognition of the definitive taking on charge of the expenditure paid from the Community budget.

4. Regulation 2697/70

The procedures for implementing the new system of advances were laid down by the Commission, after hearing the opinion of the EAGGF Committee, in its Regulation (EEC) No 2697/70 of 29 December 1970 by which the financial resources of the Community are placed at the disposal of the Member States under the heading of the Guarantee Section of the EAGGF<sup>1</sup>.

These procedures essentially comprise:

- (a) The opening by each Member State of an account to receive the Community financial resources placed at its disposal by the Commission before their allocation to the services and agencies responsible for payment.

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<sup>1</sup>OJ L 285, 31 December 1970

- (b) The monthly transmission by the Member States to the Commission of an application for an advance accompanied by documents concerning the availability of funds, the expenses paid and the forecasts of expenditure for each service or agency responsible for payment;
- (c) The placing at the disposal of the Member States of advances of funds within a month after receipt of the applications in the Commission departments and consultation of the EAGGF Committee;
- (d) Payment by the Commission within three days of the advances it has just decided on and this into the account mentioned under (a);
- (e) The distribution of the Community funds received by the Member States between the paying services according to actual requirements.

On the basis of the information received monthly the Commission enters against the Community budget the expenses paid out by the services empowered to do so.

5. Regulation 1723/72

The procedures for the definitive taking on charge of the expenses paid by the services and agencies empowered by the Member States have been defined by the Commission, after consultation of the EAGGF Committee, in Regulation (EEC) No 1723/72 of 26 July 1972 concerning the passing of the accounts of the Guarantee Section of the Fund<sup>1</sup>.

The procedures comprise essentially:

- (a) The transmission by the Member States to the Commission before 31 March:
  - of the recapitulatory accounts concerning the expenditure incurred the previous year and reports drawn up by each paying service;
  - the reports or part of reports established by the national verification and control services;
  - a recapitulatory statement of all the expenditure incurred by all the services empowered to do so;
  - a recapitulatory report on the ready cash situation as of 31 December;

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<sup>1</sup>OJ No L 186, 16 August 1972



- (b) The decision on the passing of accounts taken by the Commission, which determines:
- the amount of expenditure carried out in each Member State and recognized as being on charge to the EAGGF, Guarantee Section;
  - the amount of Community financial resources remaining available in each Member State.

#### 6. Conclusions

Summing up, it may be said that the payments of expenses for agricultural markets continue to be made by the paying services of the Member States which hold the supporting documents. In this way the applications for advances and the distribution of the funds are the responsibility of the central administrations of each Member State. The Commission for its part, in close cooperation with the representatives of the Member States, and through the intermediary of the EAGGF Committee, decides on the advances and checks the justification for the payments made in the Member States under the heading of the common markets policy.

#### SECTION B - THE PAYING AGENCIES AND SERVICES

#### 7. Analysis of Article 4 of Regulation 729/70

The agencies and services empowered in the Member States to make the payments consequent upon the Community Regulations for the agricultural markets policy constitute the basic administrative organs on which the financing of the Guarantee Section rests. They are responsible for the operation of scheduling and generally of payments of refunds and interventions. It is they who in most cases possess the detailed dossiers recognizing the rights to an expenditure financed by the Guarantee Section of the EAGGF.

This system implies for the Member States the obligation, by virtue of Article 4 of Regulation (EEC) No 729/70, of declaring to the Commission the services they have decided to approve and of communicating to it a great deal of information on how these work, in particular the administrative and accounting conditions for the execution of payments. The Member States made such declarations between July 1970 and February 1971. But certain items of information were sent to the Commission only later.

8. General description

The six Member States have designated 40 services and paying agencies, the list of which has been published in the Official Journal<sup>1</sup>. This list specifies, in addition to the denomination and the address, the type of expenditure which each is empowered to pay.

The features of the services and agencies designated vary from one State to another. In this way, in France and the Netherlands the agencies are specialized by sector of common market organization, whereas in Germany, Italy and Belgium the sharing of the tasks has generally been planned in the light of the type of expenditure to be paid, making a distinction between refunds on the one hand and interventions on the other.

9. Particular features

In Germany the existence of 18 paying services results from a dual distinction. The first establishes a separation between the refunds coming under a central office situated in Hamburg and the interventions made by 5 bodies set up in Frankfurt, the "Einfuhr und Vorratsstellen". The second distinction arises from the existence of the federal structure of this country, because of which certain intervention expenses in the sectors of milk products and fruit and vegetables as well as the payment of production refunds for potato starches are in the competence of the Ministries or Agricultural Directorates of the Länder which act as pay commissioners. However, payments in the strict sense are executed centrally by the regional Finance Directorate in Frankfurt.

Of three paying services in Belgium<sup>2</sup>, the first (OCCL) is responsible for the payment of refunds, the second (OBEA) for interventions, and the third (ONL) deals with a certain number of problems in the milk products sector, whose expenditure for aid to skim milk for animal feeding it pays.

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<sup>1</sup> OJ C 27, 17 March 1972

<sup>1</sup> OCCL: Office Central des Contingents et Licences

OBEA: Office Belge de l'Economie et de l'Agriculture

ONL: Office National du Lait et de ses dérivés

In France, five services (II) out of six have sector tasks: ONIC deals with cereals, FIRS with sugar, SIDO with oleaginous plants, the Service of Alcohols with distilling and the Central Committee for Maritime Fishing with fisheries. FORMA, for its part, has more general duties and deals with all the other products. Some of these intervention measures are carried out through the intermediary of specialized companies such as SIBEV (for meat) and Interlait.

In Italy, two of the four organs (III) have duties which are confined to certain expenditures in a single sector: ENR (for rice) and CCZ (for sugar). The two other services are general-purpose. The functions of the first are ensured in the setting of the Ministry of Finance both by the Intendenza di finanza de Roma, which handles all refunds on exports to third countries, refunds on production and denaturing premiums, and by the Directorate General of Customs, which deals with import subsidies. The second (AIMA) is a public body which handles all the other interventions. However, AIMA acts in many cases as a central body, the implementing work being left to the peripheral agricultural services.

In Luxembourg the Ministry of Agriculture itself handles the payment of refunds and interventions.

In the Netherlands, out of eight paying services, seven are "Produktschappen", that is to say professional bodies endowed with public powers. Six of these bodies deal with well-defined sectors, while the seventh, known as the "Hoofdproduktschap voor Akkerbouwprodukten" is of special importance to the extent that it deal with products from open field culture. Finally, the eighth body, the VIB (IV), is a service responsible for public intervention in all sectors.

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(II) ONIC: Office National Interprofessionnel des Céréales  
FIRS: Fonds d'Intervention et de Régularisation du Marché du Sucre  
SIDO: Société Interprofessionnelle des Oléagineux  
FORMA: Fonds d'Orientation et de Régularisation des Marchés agricoles  
CCPM: Comité Central des Pêches Maritimes

(III) ENR: Ente Nazionale Risi  
CCZ: Cassa Conguaglio Zucchero  
AIMA: Azienda di Stato per Interventi nel Mercato Agricolo

(IV) VIB: Voedselevoorzienings-en-Verkoopvureau

10. Conclusions

The Commission notes that its invitation to the Member States in September 1970 to agree to the least possible number of services in order to facilitate the proper functioning of the definitive system, and also to the Community verifications, has only been followed partially. The very high number of services which have a hand under one heading or other in the Community financing presents the following drawbacks for the Community:

- (a) The diversity of the ways in which applications for finance are drawn up increases the risk of error, wrong interpretation or omission;
- (b) Verification by the Community authorities is appreciably complicated by the multiplicity of services and their geographical dispersal;
- (c) The desirable utilization of modern methods of transmitting data (information science) between the paying services and the Commission poses problems which are difficult to resolve.

On the other hand this pronounced decentralization often has the advantage of facilitating the formalities necessary for the payments by bringing the administration closer to the beneficiaries.

SECTION C - Monthly advances and the ready cash supply

11. The decisions on advances

In conformity with the system described in point 5, the Commission took 12 decisions on advances in 1971. Eleven of these were under the heading of the 1971 financial year and one, taken in December 1971, concerned the 1972 financial year. In five cases out of the twelve the decisions were made by the Commission a few days after the final date which it had set itself, these slight delays being due to the launching of the system. This did not, however, prevent payments by the responsible services.

These decisions, which account for a total of 1 793 585 945 u.a. for the 1971 financial year, break down as follows:

Table No 1<sup>1</sup>

The decisions on advances for 1971

Member States	(in u.a.)	
	Absolute amounts	Monthly average
Belgium	106 600 000 u.a.	8 883 333 u.a.
Germany	403 990 983 u.a.	33 665 915 u.a.
France	611 476 864 u.a.	50 956 405 u.a.
Italy	396 746 922 u.a.	33 062 244 u.a.
Luxembourg	1 521 728 u.a.	126 811 u.a.
Netherlands	<u>273 249 448 u.a.</u>	<u>22 770 787 u.a.</u>
	<u>1 793 585 945 u.a.</u>	<u>149 465 495 u.a.</u>

12. The start-up and the 200 million u.a.

It should be noted that the start-up of the system of advances posed a problem of ready cash which was solved by the Council resolution of 21 April 1970<sup>2</sup>, the "Aggregation" resolution described in point 23. This provides for the temporary utilization of the sum of 200 million u.a. due by the Member States under the heading of contributions for allocation to the Guidance Section of the EAGGF, the payment of which has not been requested of the Member States.

It goes without saying that, as the cash requirements of the Guidance Section grow, these funds will be gradually paid back to it. On 31 December 1972 the Guidance Section was again in possession of a quarter of the amount received from it.

13. Financial execution by the Commission

The payment of advances decided on by the Commission has not always been possible within the timelimit of three days following the decision as required by Regulation (EEC) No 2697/70 (see Annex II). Although Regulation No 2/71

<sup>1</sup> See details at Annex I

<sup>2</sup> ...

gives details concerning the timelimits to be observed by the Member States in making available "own resources", nothing is laid down as to the date on which the Member States must pay their financial contributions in order to ensure balance in the budget of the Communities.

The absence of a new financial regulation based on Article 209 of the Treaty, though proposed by the Commission on 30 November 1970, has meant that the definitive system is functioning on the basis of monthly gentlemen's agreements. To this must be added the fact that, as Italy had been late in adapting the national provisions to the new situation created by the adoption of the Council Decision on "own resources", it has not been in a position to pay the contributions on the dates agreed under the said arrangements.

#### 14. Availabilities in the Member States

The Commission is informed of the amount of Community financial resources which remain available in the Member States, both by the monthly report on the ready cash situation of each service or paying agency and by the weekly telex messages which give the state of the EAGGF (Guarantee Section) special account for each Member State.

In order to have an overall view of the development of the financial situation regarding the EAGGF in the Member States, the Tables in Annex III have been drawn up on the basis of the material supplied by these two sources of information.

The amounts shown in these Tables represent the difference between, on the one hand, the total advances decided and actually prepared for payment to cover expenditure up to the end of the month in question and, on the other, the total expenditure declared as actually paid at the end of the same month.

The result is that the payments arranged at the end of the month to cover the expenditure of the following month are not included in the figures of the availabilities at the end of the month in question. These availabilities in fact represent the amounts which had been received to cover the expenditure for the month and which have not been required for that purpose.

The negative balance shown for France in the month of September is fictitious to the extent that the Commission, having been warned of an excess of expenditure in relation to the estimates, arranged a payment on the very day after the decision on the October advance, that is to say on 21 September 1971.

The negative balance of 1 million u.a. shown for the Netherlands in the month of July corresponds to a utilization of national financial resources pending the receipt of a payment from the Commission.

The figures concerning Italy reflect the difficulties met with in this country in implementing the new financial system and in the interpretation of the concept of "payment" chosen for certain expenditure.

15. Rate of utilization of the Community funds

By comparing the amounts of the Community funds placed each month at the disposal of the Member States with the amounts remaining available after covering the expenditure, we obtain an average rate of utilization of the Community funds (see Table 2). Leaving aside the case of Italy, this rate is around 75% for the Community as a whole.

Table No 2

Average rate of utilization of the Community funds made available to the Member States (April to December)

\*000 000 u.a.

Member States	Average amounts of Community funds available in the Member States for the expenditure of one month	Averages of the balances available after the expenditure of the month	Average rate of utilization $\frac{a-b}{a}$
	(a)	(b)	(c)
BELGIUM	14.4	5.7	60.4%
GERMANY	46.5	13.9	70.1%
FRANCE	63.6	9.0	85.9%
ITALY	83.3	60.0	28.0
LUXEMBOURG	0.27	0.12	55.6%
NETHERLANDS	37.1	12.8	65.5%

The very low utilization rate noted for Italy is influenced by the absence of expenditure in the course of the first months and by the cancellation of considerable amounts considered as spent in the course of the year and later cancelled.

The fact is that the funds transferred to the peripheral offices by the paying service responsible for the interventions in Italy (AIMA) will be immediately booked as payments, whereas the expenditure will occur later.

This being so, the peripheral offices temporarily have available Community resources which are higher than the rate of their payments.

In the course of the year 1972 the Commission invited the Italian authorities to amend the national arrangements in order to remedy this situation.

16. In conclusion, it may be noted that, despite certain difficulties due to the start-up of the new financing system for the expenditure of agricultural markets and of that concerning "own resources", the Commission has been able to make available to the Member States the financial means necessary for the payments.

#### SECTION D - Payments

##### 17. The problem of charging to budgets

After having brought its efforts to bear on the launching of the system of advances, the Commission was confronted with the problem of how to charge the payments made in the States against the budget of the Communities.

Contrary to the majority of other Community disbursements, these payments are not made by the Commission but by paying services which in fact act on behalf of the Community. It was therefore impossible for them to be charged without clearing up the very concept on which they are based.

As part of its proposal for "the revision and unification of the financial regulations" of 4 December 1970, the Commission had proposed various special measures for the Guarantee Section. These evolved in the course of the negotiation in the preparatory organs of the Council and ended with an agreement between experts in June 1971. This agreement, after certain adjustments, was the subject of a special draft regulation for the Guarantee Section in May 1972, a regulation adopted by the Council in November 1972<sup>1</sup>.

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<sup>1</sup>OJ No L 257, 15 November 1972, page 22.



Taking into account these uncertainties in particular, the Commission has confined itself to entering the commitments on the basis of the payments declared by the Member States and to proposing the carrying-over of the necessary credits to the payment entries to the financial year 1972.

18. The quantified results of payments ...

The total of payments made by sector and type of expenditure in 1971 is as follows:

Table No 3

Total of the payments made by sector and type of financing  
in 1971

in u.a.

	Refunds	Interventions	TOTAL
Cereals	285,984,076.51	187,579,741.53	473,563,818.04
Rice	48,557,917.62	1,222,424.97	49,780,342.59
Milk products	297,373,162.37	268,631,866.53	566,005,028.90
Oils and fats	1,928,955.04	111,116,299.86	113,045,254.90
Sugar	63,144,956.85	47,171,121.24	110,316,078.09
Beef and veal	17,493,752.77	1,594,353.87	19,088,106.64
Pigmeat	49,138,870.76	3,150,197.12	52,289,067.88
Eggs and poultry	11,927,315.45	-	11,927,315.45
Fruit and vegetables	7,110,506.19	46,788,899.20	53,899,405.39
Wines	71,451.78	28,179,596.07	28,251,047.85
Tobacco	-	73,764,141.62	73,764,141.62
Fisheries	36,299.29	137,374.02	173,673.31
Flax and hemp	-	698,568.20	698,568.20
Products not included in Annex II	<u>18,464,897.55</u>	<u>-</u>	<u>18,464,897.55</u>
	<u>801,232,162.18</u>	<u>770,034,584.23</u>	<u>1,571,266,746.41</u>
			(1)

(1) Amount of committed expenditure. At the present stage, after the corrections made by the Member States and the balance sheets transmitted in August, the expenditures of the second category should be 1,541,288,269.59 u.a.

The breakdown of the amounts paid in 1971 per Member State is the following:

Table No 4

Payments made by the Member States in 1971

in u.a.

	Amounts	%
Belgium	99,430,417.98	6.33
Germany	392,070,585.06	24.95
France	600,721,685.33	38.23
Italy	213,389,295.59	13.58
Luxembourg	1,422,687.92	0.09
Netherlands	<u>264,232,074.53</u>	<u>16.82</u>
	<u>1,571,266,746.41</u>	<u>100.00</u>

19. The gap between the payments and the budgetary credits

The gap between the payments (1,571 million u.a.) and the budget credits (2,257 million u.a.) amounts to 685 million u.a, which is an exceptionally high figure. This means that only 69.63% of the credits have been used, a fact which is explained by a conjunction of factors limiting the expenditure chargeable for 1971, i.e:

- (a) The evolution of the agricultural markets in certain sectors,
- (b) The accounting definition of the expenditure relating to this year,
- (c) The conditions in which the new system has been applied in the Member States.

Re. (a) The evolution of the markets in the cereals, milk products, oils and fats and sugar sectors has led to a considerable decline in the outlay in these four sectors.

The reasons for this situation boil down to three factors:

- We must note first of all a very important effort to mop up intervention stocks undertaken in 1970, particularly in the second half-year, in the cereals and milk products sectors.

This effort made it possible to reduce to acceptable levels the stocks of soft wheat, butter and skimmed milk powder at the intervention stage. In this way, butter stocks, which stood at 300,000 metric tons on 1 January 1970, fell to 130,000 metric tons on 1 January 1971. Similarly, stocks of powder dropped from 390,000 to 90,000 metric tons between the same dates.

The result has been a diminution of the expenditure for 1971, but on the other hand a rise in that for 1970.

Furthermore, the surpluses of the market years concerned in the 1971 budget year were smaller in the cereals, milk products and sugar sectors.

In this way, in the cereals sector, the 1970 harvest, which largely determines the expenditures for the year 1971, was clearly smaller for soft wheat than those of the preceding years, the difference in relation to the average of the three earlier years being 2.5 million metric tons, which meant, for the marketing year in question, a considerable fall-off in the surpluses.

In the same way, milk production in the Community in 1970 and 1971 fell off appreciably in relation to the preceding years. This made it possible to maintain stocks in 1971 at a relatively low level without any considerable recourse to special marketing measures. In the course of this year, these measures, as far as butter was concerned, affected only 28,000 metric tons, as against 172,000 in 1970 and 72,000 in 1969.

As to the sugar surpluses of the 1970/71 marketing year, they were also appreciably lower than those resulting from the production and consumption trends.

Finally, the lively rise in world prices for milk products and oilseeds had the effect of greatly diminishing the unit costs of exports and aids.

In this way, on the world market, a rapid and important rise in the price of butter was observed. It was multiplied by more than three in the course of 1971, rising from about 400 u.a./ton at the end of 1970 to around 1,300 at the end of 1971. This phenomenon was even more marked as regards skim milk powder, for which the world price rose above the Community price, thus obliging the Community to introduce an export tax.

Similarly, in the oils and fats sector, the world prices for colza and sunflower seeds and oils remained well above those registered during previous years. The result was a rate of aid appreciably lower than forecast.

Some of these factors had indeed been taken into consideration when the budget was being drawn up. Thus, the final forecast for milk had been cut back in relation to the initial ones. But the rapidity, scale and unusual nature of these movements were such that their financial effects could not be entirely taken into account in the framework of budget forecasting, which had to respond both to the requirements of prudence and the highest possible standards of probability.

Re. (b) The new arrangements concerning the taking on charge of the expenditure of the Guarantee Section in the new financial system introduced on 1 January 1971 were not known when the 1971 budget was being drawn up. The estimates were therefore made on the basis of the operations to be carried out in the course of the 12 months of the year. Later it was established that the expenses had to be taken on account under the heading of a financial year on the basis of those paid by the services and agencies from 1 January to 31 December of that particular year. This was only valid with effect from the financial year 1971, for the expenditure concerning operations carried out in 1970 had to be charged to the 1970 financial year irrespective of the date of payment. As the expenses are paid with a time-lag which is sometimes considerable in relation to the period when the operations are carried out, the result is a reduction in the expenditure booked against the financial year 1971.

Re. (c) The implementation of the new financing system was particularly laborious in Italy, mainly because of the tardiness of the Parliament in adopting a law. In this way, it was only possible to make the first payments in July and they continued at a relatively slow pace, whence a time-lag in the taking on account of expenditure under the 1972 budget.

SECTION E - THE PASSING OF THE ACCOUNTS

20. Establishment of the system in accordance with Article 5 of Regulation 729/70

Article 5 of Regulation (EEC) No 729/70 provides in paragraph 2(b) that the accounts shall be passed before the end of the following year, i.e. before the end of 1972 for the 1971 accounts.

As the new system of financing had to be introduced parallel with the continuation of the work connected with the old system (1966/67 to 1970) it will probably not be possible to conform with this first deadline.

However, various measures have been taken, and in particular the Commission Regulation concerning the passing of the accounts was agreed on 26 July 1972. This Regulation, No 1723/72<sup>1</sup>, applicable for the passing of the annual accounts with effect from 1 January 1971, made it possible for the Member States to lodge applications in the autumn of 1972. The Commission decisions which should have been taken before the end of 1972 will probably be taken sometime in 1973.

CHAPTER 2

THE TRANSITIONAL FINANCING PERIOD AND SPECIAL EXPENDITURE

Until the entry into force of the new system on 1 January 1971, the financing carried out by means of reimbursement of eligible expenditure caused a time-lag between the payments in the Member States and Community financing. This time-lag was clearly worsened by considerable delays in the work of the Fund. At the beginning of 1972 only the accounts of the first five periods (July 1962 to June 1967) were definitely closed. The payment of advances has been one of the measures taken to remedy the drawbacks which would result from this for the Member States.

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<sup>1</sup>OJ No L 186, 16 August 1972

SECTION A - ADVANCES AND OTHER PAYMENTSParagraph 1 - ADVANCES21. Advances - the advance for the second half-year of 1970

In June 1971 the Commission decided on the amount of advances to be paid to the Member States in respect of the expenditure for the second half of 1970 on the basis of the provisional data submitted to it. The amount of expenditure taken into account in calculating the advance, i.e. a total of 1,504,061,766 u.a., is particularly high, on the one hand, because of the liquidation of considerable surpluses of milk products and cereals, and, on the other, because payments subsequent to 1 January 1971, but whose operation had been completed before that date, were added to this advance.

The expenditure for the second half of 1970, by sectors, breaks down as follows:

Table No 5Expenditure of the second half of 1970 by sectors

in u.a.

	Refunds	Interventions	Total
Cereals	217,567,656	176,439,259	394,006,915
Rice	23,108,988	1,181,672	24,290,660
Milk products	275,369,802	456,001,240	731,371,042
Oils and Fats	1,234,588	129,449,964	130,684,552
Sugar	52,507,075	55,842,924	108,349,999
Beef and veal	15,081,078	5,681,032	20,762,110
Pigmeat	24,660,135	-	24,660,135
Eggs and poultry	9,192,735	-	9,192,735
Fruit and vegetables	11,103,414	27,213,863	38,317,277
Wines	-	-	-
Tobacco	-	4,962,943	4,962,943
Fisheries	-	-	-
Flax and hemp	-	532,610	532,610
Products not included in Annex II	16,930,788	-	16,930,788
	<u>646,756,259</u>	<u>857,305,507</u>	<u>1,504,061,766</u>

The breakdown of expenditure for the second half-year 1970 by Member State is as follows:

Table No 6

Breakdown of expenditure of the second half-year 1970  
by Member State

in u.a.

	Amounts	%
Belgium	121,467,656	8.08
Germany	418,616,996	27.83
France	477,654,378	31.76
Italy	206,937,414	13.76
Luxembourg	1,134,366	0.07
Netherlands	<u>278,250,956</u>	<u>18.50</u>
	<u>1,504,061,766</u>	<u>100.00 %</u>

The advance amounts to 1,222,806,903 u.a. and corresponds to 75% of 1,497,075,871 u.a. This amount is lower than that of the expenditure taken into consideration because of the insufficiency of available credits.

Paragraph 2 - OTHER PAYMENTS

22. Other payments - The "aggregation" system

The introduction of the new financing arrangements based on the system of advances, combined with the obligation to make payments under the heading of the system prior to 1 January 1971, was likely to involve difficulties for certain Member States. This is why, on 21 April 1970, the Council adopted the resolution concerning the problems of ready cash posed by the transition from the reimbursement system to the system of direct financing (the "aggregation" resolution)<sup>1</sup>. This provides for half-yearly payments by the debtor Member State for the benefit of those in credit through the intermediary of the Commission in respect of the periods before 1 January 1971. According to this resolution, the payments are to be made, independently of the Commission's decision on aid, concerning the half-years or periods prior to 1 January 1971, i.e. the second half of 1970 (advance), the periods 1967/68; 1968/69, the second half of 1969 and the year 1970 (balances).

The Council subsequently adopted Regulation (EEC) No 2367/70, which provided for the payment of a supplementary advance in respect of the second half of 1969. It also adopted a declaration in its minutes aimed at linking the financial execution of this with the first advance for 1970. This declaration gave rise to diverging interpretations on the part of the Member States.

In order to resolve the problems thus created, it was agreed to allocate the payments made under the heading of the "aggregation" resolution by priority to the passing of the two clearing operations concerned (supplementary advance, second half-year 1969, and first 1970 advance), the rest being considered to be reckoned against the payments provided for by the "aggregation" resolution.

Table No 7

Execution in 1971 of the resolution of 21 April 1970

(- payments made, + payments received)

in u.a.

Member States	Payments provided for under the resolution before 31 December 1971	Payments made in respect of 1971	Amounts allocated to the two accounts	Payment to be reckoned against the "Aggregation"
Belgium	- 13,000,000	- 15,413,520	- 9,940,449	- 5,473,071
Germany	-176,000,000 <sup>1</sup>	-163,934,426.23	-22,877,870	-141,056,556.23
France	+152,550,000 <sup>1</sup>	+114,083,021.76	+21,223,636	+ 92,859,385.76
Italy	- 30,000,000	- 32,155,709	-17,155,709	- 15,000,000 <sup>3</sup>
Luxembourg	- 200,000	- 701,129	- 701,129 <sup>2</sup>	-
Netherlands	+ 66,650,000 <sup>1</sup>	+ 93,121,762.47	+29,485,808	53,635,954.47

<sup>1</sup> Approximate amounts.

<sup>2</sup> 34,287 u.a. remained to be paid in settlement of these advances.

<sup>3</sup> Reimbursed on 28 June 1972 on the basis of the new resolution.



The resolution of 21 April 1970 was based on forecasts. More precise data, which have since become available, have led the Commission to recalculate the balances of the Member States, as these differ appreciably from those figuring in the said resolution. They were communicated to the Council, which adopted a new resolution on 30 May 1972<sup>1</sup>.

SECTION B - FUND AID

23. The final closing of accounts for 1966/67

In the course of 1971 it proved possible to resume work on the final closing of the accounts. The files concerning the 1966/67 period gave rise to checks on the spot and the conclusions were submitted to the EAGGF Committee for consultation on 16 December 1971. However, the Commission was not in a position to take its decision before January 1972. Total EAGGF aid for the 1966/67 period amounted to 395,540,429 u.a., of which 277,785,000 was included in the December 1968 decisions on advances.

The balances of these clearing operations are as follows in thousands u.a.

Table No 8

Balances of clearing for the 1966/67 period

('000 u.a.)

	Aid	Advance in December 1968	Difference to be paid by (-) or (+) to the Member States
Belgium	- 10,332	- 8,756	- 1,576
Germany	- 93,050	- 65,173	- 27,877
France	+ 39,415	+ 34,324	+ 5,091
Italy	+ 21,960	+ 10,978	+ 10,982
Luxembourg	- 671	- 526	- 145
Netherlands	+ 42,678	+ 29,153	+ 13,525

<sup>1</sup>OJ No C 105, 10 October 1972

Nearly 94% of the reimbursements concerned expenditure incurred in respect of three sectors on the common organization of the markets, i.e. the cereals sector (146.3 million u.a.) the milk and milk products sector (143.5 million u.a.) and, for the first time, the oils and fats sector (81.1 million u.a.). This explains why the main beneficiaries of the Guarantee Section are those Member States whose production is the largest in these three sectors - respectively France, the Netherlands and, for the first time, Italy.

24. Preparation of subsidies 1967/68 to 1970

For the later periods, the Commission has carried out a certain amount of preparatory work which has led to:

- (a) The adoption by the Council of five regulations defining the financing procedures for interventions in several sectors;
- (b) The adoption by the Commission of implementing measures for these interventions and particularly the fixing of standard amounts for certain expenses;
- (c) The adoption by the Commission, on 14 April 1972, of Regulation (EEC) No 773/72<sup>1</sup> defining the procedures for applications for reimbursements;
- (d) A draft timetable aimed at catching up on delay contained in the Commission proposal to the Council of June 1972 concerning EAGGF Guarantee Section aid, for the periods 1967/68 to 1970.

25. Quantified balance-sheet of financing up to 1 January 1971

Although the aid decisions have only been taken for the first five periods, it is possible to supply, with the help of the data taken into consideration for the advances, a provisional state of financing for the periods prior to 1 January 1971. This is as follows:

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<sup>1</sup>OJ No L 97, 24 April 1972

Table No 9

Expenditure of EAGGF (Guarantee Section) for the periods  
prior to 1 January 1971 in millions of u.s.

Periods	Expenditures in '000,000 u.s.
1962/63	28.723
1963/64	50.690
1964/65	159.864
1965/66	238.635
1966/67	395.540
1967/68	1,039.064
1968/69	1,642.628
Second half of 1969	1,668.868
1970	<u>2,604.157</u>
Total	<u><u>7,828.169</u></u>

The breakdown by products is shown in Annex IV and by countries in Annex V.

26. Commentary on the growth of expenditure

It should be recalled that the establishment of Community financing has been gradual, this explains the growth of the amounts from 1962/63 until 1968/69. In fact this expenditure has only been taken on charge subject to certain restrictive criteria:

(a) The common agricultural policy was only introduced progressively and during the early years the national policies were still predominant. The financial responsibility of the EEC was limited to a fraction of the spending which was growing from year to year, increasing in this way from 1/6 in 1962-63 to 3/6 in 1964-65, and then respectively from 6/10 to 7/10 and 10/10 during the three following periods.

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<sup>1</sup>OJ No L 97, 24 April 1972

(b) During the first five years the reimbursement of refunds paid on exports was limited to the net quantities exported, that is to say to the exports minus the imports. The fact is that the refunds paid on exports do not represent genuine charges for the States because the latter receive considerable receipts from levies when imports are made. However, from the time when the levies were largely paid over to the Community, i.e. beginning 1 July 1967, it became logical to extend the financing to gross exports.

(c) The reimbursement of the refunds is not calculated on the basis of the rate of refund applied by each State but on that of the lowest rate in the Community. However, beginning with the introduction of common prices, the refunds paid became identical in the different States, and it was decided to take them on charge at the rates actually applied with effect from 1 July 1967.

Similarly, the reimbursement of the intervention expenses has not been made on the basis of the actual spending but has used standard methods of calculation which have the effect of reducing the amount taken on charge.

(d) The various sectors were taken on charge only from the time when they came within a Community system of market regulations. This criterion proved an incentive in hastening the introduction of a certain number of regulations by sector. In this way, Community financing covered 40% of agricultural production in 1962/63, 80% in 1964/65, and practically the whole in 1968/69.

The four abovementioned criteria, which all include an element of progressiveness in time, explain the extremely rapid growth of the expenditure of the Guarantee Section, which has practically doubled from one year to the next.

#### SECTION C - Special expenditure

##### 27. Consequences of the German revaluation of 1969

An amount of 90 million u.s.a. was paid in implementation of Council Regulation (EEC) No 2464/69 concerning the measures to be taken in the agricultural sector following the revaluation of the DM<sup>1</sup>. This amount, paid to Germany, represents the Community participation for 1971 in the financing of aid to German agricultural producers following the DM revaluation in 1969.

<sup>1</sup>OJ No L 312/69, 12 December 1969.

CONTRIBUTIONS

The question of covering the expenditure of the Guarantee Section arises in different fashion according to whether it is a matter of the periods from July 1962 to December 1970 or of those beginning 1 January 1971.

28. The system of contributions from 1962 to 1970

From July 1962 to December 1970 the expenditure of the EAGGF was covered by contributions from the Member States calculated in accordance with the rules laid down by the Council. Fairly divergent arrangements were chosen. They served as the basis of calculation for the clearing operations of the Guarantee Section.

In this way, for the periods 1962/63, 1963/64 and 1964/65, Article 7 of Regulation No. 25/62<sup>1</sup> provided for contribution keys consisting of two components, a fixed component and a mobile one, the latter being calculated in proportion to the net imports. This concept has provisionally replaced that of levies.

For 1965/66 and 1966/67 the contribution keys fixed were negotiated and laid down by the Council in Article 3 of Regulation no 130/66<sup>2</sup>.

From 1 July 1967 to 31 December 1969 a new system of contributions keys was introduced by Article 11 of Regulation No 130/66, a system specific to the Guarantee Section of the EAGGF. This key consists of two parts: the first is equal to 90% of the levies charged to non-member countries and the second is a fixed key negotiated between Member States.

For the year 1970 this system was abandoned and an intermediary one between the past (weighted key) and the future (bwn resources) was decided on by the Council in the setting of Regulation No 728/70<sup>3</sup>. This special key of contributions was determined in the light both of the levies to be received and the capacity of each State to contribute.

The special contribution keys used from 1962/63 to 1970 must cover the expenditure of the periods considered and serve for the carrying out of the clearing operations (see Annex V). They continue to be applicable in respect of those periods for which the accounts are not definitely closed.

<sup>1</sup>OJ No 30, 20 April 1972.

<sup>2</sup>OJ No 165, 21 September 1966.

<sup>3</sup>OJ No L 94, 28 April 1970

29. Own resources

With effect from 1 January 1971, the special contribution keys provided for the EAGGF were abolished, as also were those intended to cover other Community expenditure. A single system for covering outlay under the European budget was introduced by the Council Decision of 21 April 1970<sup>1</sup> concerning the replacement of the financial contributions of the Member States by resources belonging to the Communities, one of the consequences on which is the abolition of the clearing operations of the Guarantee Section. In view of the existence of this general system the covering of the expenditure of the Guarantee Section is not specified in the decision mentioned.

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<sup>1</sup>OJ No L 94, 28 April 1970.

TITLE II : THE GUIDANCE SECTION

The Guidance Section is responsible for financing structural policy measures, that is to say priority joint actions within the meaning of Article 6 of Regulation (EEC) No. 729/70, and then projects for the improvement of agricultural structures within the meaning of Regulation No 17/64 (EEC) and, finally, various special measures decided on by the Council.

CHAPTER I

THE FINANCING OF JOINT ACTIONS

30. The state of financing of joint actions

Article 6 of Regulation (EEC) No 729/70 lays down that in the final system the Guidance Section shall finance joint actions. However, no expenditure was carried out under this heading for the year 1971.

The joint actions decided on up to the present time by the Council are the following:

- a. Action in favour of the constitution and functioning of groupings of hop producers and the restructuring of hop plantations by virtue of Regulation (EEC) No 1696/71 on the organization of the markets in the hop sector<sup>1</sup>;
- b. Enquiry into the production potential of orchards in the Community by virtue of Directive No 71/286/EEC concerning the statistical enquiries to be made by the Member States with a view to determining the production potential of certain species of fruit trees<sup>2</sup>;
- c. Following the adoption by the Council on 25 May 1971 of the resolution concerning the new guidelines of the common agriculture policy, three directives regarding the modernization of farms, the cessation of farming activity and the provision of socio-economic information for farmers. These directives were agreed on 17 April 1972 under the numbers 72/159/EEC, 72/160/EEC, and 72/161/EEC<sup>3</sup>.

<sup>1</sup>OJ No L 175, 4 August 1971.

<sup>2</sup>OJ No L 179, 9 August 1971.

<sup>3</sup>OJ No L 96, 23 April 1972.

With the aim of meeting the expenditure for the common actions already decided upon or still to come, the Council, on a Commission proposal, has continued to reserve certain credits from the annual endowment of the Guidance Section. It is under this heading that, by its Regulation No 2591/70 of 17 December 1970, the Council put aside from the new endowment of 427.5 million u.a. for 1971<sup>1</sup> a credit evaluated at 180 million u.a. to be added to the 168 million u.a. kept in reserve from the years 1969 and 1970.

## CHAPTER II

### THE FINANCING OF PROJECTS FOR THE IMPROVEMENT OF AGRICULTURAL STRUCTURES

Pending the start-up of the financing of the joint actions, the financing of the projects to improve agricultural structures in the setting of Regulation No 17/64/EEC constitutes the main activity of the Guidance Section.

#### SECTION A - DECISIONS ON AID

##### 31. The decisions for 1970

Because of the considerable delays besetting the work of the EAGGF, the decisions on aid are lagging behind by about one year. In the course of the year 1971 the Commission decided, in three instalments (10 March, 14 July and 22 December 1971), on the granting of aid for 1970, and this for an amount of nearly 160 million u.a., in conformity with the endowment fixed by the Council by virtue of Regulation (EEC) No 1534/69 of 29 July 1969<sup>2</sup>.

<sup>1</sup>The annual endowment is 285 million u.a., but allowing for the abandonment of the period 1 July to 30 June in favour of the civil year, the credits entered for 1971 exceptionally correspond to 18 months.

<sup>2</sup>OJ No L 189, 28 August 1969.



This amount breaks down as follows:

Table No 10

Granting of aid from the EACGF (Guidance Section)  
for 1970

in u.a.

Member States	Improvement of production structures	Improvement of marketing structures	Mixed structures	Totals	
				Absolute figures	%
Belgium	4,939,892	3,876,362	2,849,280	11,665,634	7.30
Germany (FR)	20,199,007	24,765,162	-	44,964,169	28.10
France	14,660,565	19,133,867	1,649,027	35,443,459	22.15
Italy	43,972,722	7,759,156	2,534,677	54,265,555	33.92
Luxembourg	-	271,715	103,152	374,867	0.23
Netherlands	7,611,914	5,673,969	-	13,285,913	8.30
Totals	91,384,130 (57.3%)	61,479,231 (38.4%)	7,136,136 (4.3%)	159,999,497	100.00

32. The number and size of the projects

Analysis of the projects financed calls for the following comments:

- (a) 862 projects have been examined by the Guidance Section from the legal, technical, economic and financial angles. Of this total:
- 33 projects have been withdrawn by the services of the Member States
  - 14 projects have been declared not receivable
  - 7 projects have been noted as not conforming to the requirements laid down.

Of the 308 projects remaining, 260 could not be acted upon for lack of adequate resources and 548 have been the subjects of a decision on aid from the Fund. These 548 represent 63.6% of all the projects examined.

(b) The 862 projects examined under the heading of the year 1970 represent a total investment of 1,109 million u.a. and an average investment of 1,285,000 u.a. per project.

(c) The 548 projects which have benefited by aid from the Fund represent a total investment of 648 million u.a. or an average investment of 1,182,000 million u.a. per project.

(d) The average aid granted amounts to 292,000 u.a. per project, or 24.7% of the investment on average. It should be stressed that this % is only an average, for certain projects can be financed up to 45% of the amount of the investment.

(33) Breakdown by categories

The granting of aid relating to the year 1970 brings the total number of projects financed by the Guidance Section since 1964 up to 2,209, representing total aid to the tune of 509 million u.a.

This total breaks down according to the following categories:

Table No 11

Breakdown by categories of the projects financed by the Guidance Section between 1964 and 1970

- <u>Production structures</u>	<u>292 million u.a.</u>
of which:	(57.4% of the total)
. land restructuration	75 million u.a.
. hydraulic and irrigation works	79 million u.a.
. afforestation	8 million u.a.
. miscellaneous	130 million u.a.
- <u>Marketing structures</u>	<u>192 million u.a.</u>
of which:	(37.8% of the total)
. cereals	6 million u.a.
. milk products	73 million u.a.
. meat	24 million u.a.

- . Fruit and vegetables : 45 million u.a.
  - . Wines : 19 million u.a.
  - . Miscellaneous : 25 million u.a.
- Mixed production/marketing structures : 25 million u.a.  
(4.8% of the total)

(34) Breakdown by sectors

If we make a breakdown by major sectors of the aid granted since 1964, the following results emerge:

Table No 12

Breakdown by sector of intervention of the aids granted between 1964 and 1970 by the Guidance Section ('000 u.a.)

Sectors	Number of projects	Total 1964/70	
		Aid	%
Land and hydraulic improvements sector	804	206,838	40.7
Milk Sector	263	74,958	14.7
Wine-growing sector	242	59,398	11.7
Fruit and vegetable sector	325	49,635	9.7
Meat Sector	218	40,766	8.0
Oil-producing plants sector	118	23,265	4.6
Cereals sector	33	8,208	1.6
Forestry sector	38	7,491	1.5
Animal feedingstuffs sector	25	6,232	1.2
Flowers and plants sector	19	5,949	1.2
Eggs and poultry sector	40	4,168	0.8
Seeds and nurseries sector	26	3,700	0.7
Research and popular education sector	18	2,781	0.5

Sugar sector	2	780	0.2
Miscellaneous	<u>38</u>	<u>14,545</u>	<u>2.9</u>
Totals	2,209	508,714	100.0

(35) The projects submitted in 1971

For the year 1971, 750 new projects have been presented to the Commission and to these must be added 260 which were not chosen for 1970 for lack of adequate financial resources. As Regulation No 2591/70 of 17 December 1970<sup>1</sup> has provided for 200 million u.a. of credits, or 40 million more than for 1970, the preparation of the 1971 aid involves particularly heavy work. Study of the projects began at the end of 1971 and lasted throughout the whole of 1972.

(36) Balance-sheet of 7 years of financing of the projects

The aid decisions relating to the year 1970 constitute the seventh year of operation of the Guidance Section. It is therefore possible to draw a certain number of lessons from them.

(a) The number of projects submitted and of projects financed increased appreciably from 1964 to 1970 (see Annexes VI, VII and VIII). This increase, due to the growth of the available financial resources enabled the Guidance Section to fulfil with increasing efficiency each year the role vested in it under Article 2 para 2 of Regulation No 25/62 establishing the EAGGF, that is to say "to achieve the objectives defined in Article 39 (1a) of the Treaty, including the changes in structure necessary for the proper functioning of the Common Market".

(b) The action of the Guidance Section enables the Community to intervene effectively for the improvement of agricultural structures - both production and marketing - for two reasons:

..//..

<sup>1</sup>OJ No L 280 of 26 December 1970

- on the one hand, thanks to the volume of the available financial resources, the amount of investment enjoying Community aid is high and makes it possible to act both in sectors and in regions which are varied. Between 1964 and 1970 nearly 3,000 million u.a. of investments were part-financed by the Fund. This includes more than 600 million u.a. for each of the years 1969 and 1970.

- on the other hand, the number of projects submitted is clearly higher than the number financed (2209 financed, as against 3673 presented). This enables the Commission to make a judicious choice and to select only those projects of greatest value both at technical and economic levels.

(c) This selective and massive nature of the Community's intervention in this field has made it possible to ensure veritable guidance of the investments, and this from three angles:

- the aid of the fund being added to that provided by the Member States has most often constituted a determinant incentive for the provision of equipment of undoubted value for the improvement of agriculture structures;
- conversely, the fact that the less interesting projects are not chosen for lack of sufficient resources has led to the abandonment of those whose efficacy was not evident.
- finally, and this is particularly true in certain regions of the Community, the equipment which it has been possible to provide thanks to EAGGF aid has served as an example and helped to spread in farming circles the best techniques for the improvement of structures.

(d) In the last analysis, the interventions of the Guidance Section have been reflected in a dual advantage for the Community's farmers:

- a direct advantage consisting of a reduction of expenditure on equipment when the farmers invest individually or as members of a grouping. This is particularly interesting for investments

in the production sector, whose profitability is often a long-term matter.

- an indirect advantage through the development of outlets for farm products thanks to action in the marketing and processing sector. Great importance is attached when choosing the projects to improving the return on agriculture products. This is reflected in an increase and greater regularity in the prices paid to producers, since improved products are always sure of a better welcome from consumers.

SECTION B - THE EXECUTION OF THE DECISIONS RELATING TO THE GRANTING OF AID FOR INDIVIDUAL PROJECTS

For the execution of aid decisions concerning individual projects we must first recall the implementing procedures and then deal with the payments in the strict sense.

Paragraph 1 - The implementing procedures

(37) The prior conditions to payment

The aid granted to individual projects is payable in one or several instalments.

It is paid to the beneficiaries after the Commission has taken note that the prior conditions for payment have been fulfilled. To this end, an intermediary body designated by the Member State sends to the Commission its application for payment comprising a certificate and a list enumerating the supporting documents relating to the work carried out and the expenditure incurred. In this certificate the intermediary body specifies how far the work has advanced and confirms that it is being done in conformity with the information contained in the application for aid, and also that it has verified the supporting documents and noted that the expenditure indicated has actually been paid out. The intermediary body also sees to the observation of the financial arrangements relating to the joint participation of the beneficiary and the Member States in the financing of the project. The list of supporting documents contains all the necessary information concerning these, a brief description of their contents and the manner and date of payment of the costs mentioned.

..../..

When the last instalment of the aid is paid the list of supporting documents must be established in such a way as to permit a comparison between the costs planned for the work as a whole and the actual costs of the work which has in fact been carried out.

In the six Member States it is the Ministries of Agriculture which perform the role of bodies responsible for transmitting the supporting documents. They are also charged with the granting of national subsidies which have to be made available for projects part-financed by the EAGGF and with the utilization of the national funds placed at their disposal.

It should be pointed out that, in the event of the Commission considering this necessary, the intermediary body transmits to it on its request the documents mentioned in the list or any other evidence calculated to show that the conditions for the payment of aid are fulfilled.

Moreover, the Commission has the possibility of carrying out checks on the spot in which it invites the Member State to participate.

(38) Payment of the subsidy

After noting that the prior conditions for payment exist, the Commission pays the subsidy to the beneficiary, or a fraction of it if the payment is to be spaced out. Payments are made after completion of the work through a body which is generally the bank which has granted the beneficiary the loans necessary to put the project into effect.

The costs resulting from pre-financing have to be borne by the beneficiary. If the prior conditions for payment are lacking, the Commission can, on the basis of Article 22(2) of Regulation 17/64/EEC, suspend, reduce or cancel the aid. Even if the execution of a project diverges from the terms of the aid decision the Council may maintain the aid wholly or in part by adapting its decision to the changed situation. On this point it should be stated that changes in the execution of the work may generally be explained by the lapse of several years between the conception and execution of the projects; they concern both the technical data and the forecasts of costs. For each change in  
..../..

a project, the beneficiary is required to transmit all the relevant economic and financial justifications in order to enable the Commission departments to make certain that the expected result of the investment shall not be jeopardized by the change envisaged. Should the costs be increased, the beneficiary must prove that the financing of the project continues to be assured even allowing for the fact that the aid granted by the Fund cannot be increased.

When examining the changes, the Commission's departments, in order to assure themselves that the basic data of the initial project have been respected, primarily make use of the technico-economic description of the work and of the observation of the estimate submitted, the significance of which is exclusively indicative.

It should be noted that the Commission does not rectify the decisions of the granting of aid in the event of changes affecting the essence of the project being made without its prior agreement. Hence, cancellation or reduction of the aid granted.

Paragraph 2 - The problems connected with payment

(39) The payments made in 1971

In 1971, 596 applications for payment were sent to the Commission (1970: 460). 335 applications were followed by payments for a total amount of 29,756,427 u.a. (1970: 25,591,518 u.a.).

Table No 13

Payment concerning the individual projects carried out in 1971 by Member States

(in u.a.)

Member States	Amount of payments
Germany	11,554,959
Belgium	2,774,469
France	5,971,496
Italy	5,894,414
Luxembourg	256,322
Netherlands	<u>3,304,767</u>
Totals	29,756,427



The breakdown of these amounts over the different years is shown in Annex XI.

The 335 payments concerned 117 completed projects, the others being in the process of execution. For 56 applications, payment has had to be refused a first time, as these applications call for more precise details concerning the data received or the transmission of supplementary documents.

(40) The time-limits for the execution of projects

In order to allow for the time-limits necessary for the execution of projects, the financial regulation concerning the EAGGF provides the possibility of carrying over automatically for five years amounts committed but not paid out. Beyond this period carrying-forward has to be authorized from year to year by the Council. A request of this sort was submitted for the first time in respect of 16 projects introduced in 1964. As the credits committed in 1965 have benefited up to 1970 by the five years automatic carrying-forward, an authorization to bring forward to the financial year 1971 credits for an amount of 2,005,156 u.a. concerning aid not liquidated was asked for and was approved by the Council. For seven of these projects not completed at the end of 1971, a further request, involving 1,170,511 u.a. was submitted to the Council, as well as a request concerning 3,350,208 u.a. relating to aid not paid. These concern 27 projects from the year 1965 on which the decisions were taken in 1966.

Furthermore, on 31 December 1971, credits amounting to 1,705,227 u.a. and concerning aid granted for projects of the years 1964 and 1965 had been cancelled. The same was to be done regarding other credits to an amount of 2,730,473 u.a. These concern projects not carried out or carried out at a lower cost than foreseen. The fact is that aid may not exceed 25% (in certain cases 45%) of the eligible expenditure, the ceiling being constituted by the amount of aid granted by Commission decision.

The development of the credits committed under the heading of the years 1964 and 1965 is as follows:

..//..

Table No 14

Situation at 31 December 1971 of the aid for the year 1964  
concerning individual projects (in u.a.)

	Commitments	Number of projects	Payment	Projects terminated or cancelled	Credits for which carrying-forward is requested	Cancellations
Germany	2,557,635	9	2,477,091	9	-	80,544
Belgium	703,751	7	700,945	7	-	2,806
France	1,951,487	10	1,239,610	9	116,466	595,411
Italy	3,069,464	27	1,425,200	21	1,054,045	590,219
Luxembourg	-	-	-	-	-	-
Netherlands	<u>774,585</u>	<u>4</u>	<u>774,585</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total	<u>9,056,922</u>	<u>57</u>	<u>6,617,431</u>	<u>50</u>	<u>1,170,511</u>	<u>1,268,980</u>

Table No 15

Situation at 31 December 1971 of the aid for the year 1965  
concerning individual projects (in u.a.)

	Commitments	Number of projects	Payment	Projects terminated or cancelled	Credits for which carrying-forward is requested	Cancellations
Germany	4,968,976	21	3,488,655	16	953,834	526,487
Belgium	754,985	6	739,318	5	15,667	-
France	3,692,070	21	2,334,039	17	752,687	605,344
Italy	5,865,889	40	2,202,980	23	1,628,020	2,034,889
Luxembourg	275,000	1	275,000	1	-	-
Netherlands	<u>1,577,338</u>	<u>8</u>	<u>1,577,338</u>	<u>8</u>	<u>-</u>	<u>-</u>
Total	<u>17,134,258</u>	<u>97</u>	<u>10,617,330</u>	<u>70</u>	<u>3,350,208</u>	<u>3,166,720</u>

(41) Amendments to decisions

In 1971, the Commission took 22 decisions amending its initial decisions concerning the granting of aid.

In 12 cases this was a matter of important technical modifications which, however, had no economic consequences and did not affect the essence of the project itself. In these cases the maintenance of the aid was justified. The other changes concerned both a different beneficiary and the breakdown of the aid between sub-projects or the procedures for its payment.

In 3 cases the amount of aid was reduced in view of the fact that the effect of the technical changes was to reduce the total investment.

On the other hand, the Commission, in 1971, cancelled the aid granted to three projects for which the conditions of payment were not fulfilled.

These were:

- 1/3/64 - R 9/1: Construction of a cooperative dairy with a cheese-making factory at Borgo Coffi
- 1/3/64 - R 9/2: Construction of a cooperative dairy with a cheese-making factory at Centore di Sessa Auzunca
- 1/39/64 - R 39: Irrigation works in the North of the Nierra and on the territory of Alghero.

(42) The total payments made since the EAGGF began to function

Since the EAGGF began to function, and up to 31 December 1971, the total amount of payments made for individual projects was 89,136,524 u.a. out of an amount of 508,714,296 u.a. committed. The breakdown of the amounts committed and paid by year and by Member State is shown in Annex XII.

It may be seen from this Table that, in relation to the amount committed, the payments made amount to 26% for Germany, 27% for Belgium, 15.3% for France, 6.4% for Italy, 44% for Luxembourg and 30% for the Netherlands.

It must be pointed out, however, that the projects, by their very nature, call for a time-limit of several years in order to be carried out and that as a consequence the credits committed in 1971 (i.e. 159,999,497 u.a.) have hardly yet been followed by payments.

The pace of liquidation is primarily dependent on the submission of applications for payment. To the extent that these applications can only be transmitted after the achievement (partial or complete) of the work and after payment of the relevant expenses, the pace is inherent in the system established. Furthermore, the administrative procedures are cumbersome and in certain Member States contribute to the delays noted.

#### SECTION C - THE FINANCING OF SPECIAL MEASURES

##### Paragraph 1: The aid decisions

##### (43) Characteristics - The different special measures financed by the Fund

With effect from the year 1966 a part of the available credits for the Guidance Section was used by decision of the Council for financing special measures not envisaged in Regulation 17/64/EEC.

These grouped measures essentially concern:

- "financial compensation" measures
- taking-over of the expenditure involved by aid following certain agricultural disasters
- the financing of statistical enquiries
- aid to groupings of fruit and vegetable producers
- measures to re-establish the balance of certain agricultural markets.

The "financial compensation" measures form the most important group. These are measures designed to take account, either of the unfavourable situation in which certain Member States were placed from the angle of their agricultural structure, or of the compensations granted by reason of the delays which had occurred in implementing the common organization for certain markets.

.../...

These measures mainly concerned Italy and the amounts granted to that country are intended for the improvement of production and marketing in the sectors of olives and olive oil, fruit and vegetables, and tobacco.

(44) The time-limit for the granting of aid in 1971

In 1971 the Commission granted aid for the following measures:

- (a) Census of the pig population according to Regulation 350/68 1,200,000 u.a.
- (b) Aids to groupings of fruit and vegetable producers in accordance with Article 12(3) of Regulation 159/66 (reimbursement of 50% of the expenditure incurred by the Member States in 1969) 546,326 u.a.
- (c) Premiums for the slaughter of cows and the non-marketing of milk and milk products (reimbursements of 50% of the expenditure incurred by the Member States in 1970) 24,773,340 u.a.
- (d) Premiums for the destruction of fruit trees according to Regulation 2517/69 (reimbursement of 50% of the expenditure incurred by the Member States in 1970) 336,543 u.a.
- (e) Aid to Italy for the fruit and vegetable sector during the second half of 1969 in accordance with Article 12(4) of Regulation 159/66 12,381,929 u.a.

On this point it should be noted that the aid granted for the slaughtering premiums concerns five Member States, as Italy did not submit any application for reimbursement. The aid granted for premiums for digging-up fruit trees concerns Germany only, as the applications for reimbursement submitted by Belgium and France were incomplete and Italy and Luxembourg did not submit any at all.

.../...

It should be noted that the aid concerning premiums for digging-up fruit trees was granted Germany on a provisional basis in view of the fact that the payments to fruit producers were made in accordance with a premium of 500 u.a. payable in two instalments instead of 800 u.a. payable in one instalment. This amendment, decided on by the Council in December 1970, could be applied in Germany only in 1971 by means of a supplementary payment, 50% of which is to be reimbursed by the EAGGF in 1972.

As regards the fruit and vegetable sector, the aid for Italy was also granted on a provisional basis. The final amount will depend on the liquidation of the intervention expenditure in this sector under the heading of the Guarantee Section. Article 12(4) of Regulation 159/66/EEC in fact provides for an annual payment to Italy of the difference between a standard sum of 40 million u.a. and the amount of the intervention expenditure reimbursed to this country in the framework of the common organization of the fruit and vegetable markets. This aid was granted for the fourth and last time under the heading of the "Second half year".

(45) The amount of credits allocated

The table in Annex ~~XII~~ shows the amount per Member State of the credits allocated for each of the special measures since the year 1966. It emerges from this that, on 31 December 1971, the following amounts had been made available to the different Member States:

Table No 16

Breakdown by Member States of the credits  
allocated for special measures as of 31.12.1971 (in u.a.)

Germany	18,941,458
Belgium	2,434,402
France	10,243,121
Italy	172,990,620
Luxembourg	7,614,131
Netherlands	1,534,116
Total	<u>213,757,848<sup>1</sup></u>

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<sup>1</sup>In reality the amount of the commitments was 214,750,100 u.a., an amount of 8 million u.a. having been committed for the enquiry into farm structures. 692,252 u.a. of this amount has remained unused. .../...

Paragraph 2: The execution of the decisions concerning the granting of aid for special measures

(46) Payments - The payment of the aid granted

In general, the aid decisions for special measures are addressed to the Member States, the only exception being that of the aid granted for the repair of the damage caused by the floods in Italy. For the "floods" projects the aid is paid to the beneficiaries under the same procedure as that fixed for individual projects.

For the other measures the aid decisions involve the immediate payment of funds, the amount of aid being fixed on the basis of justifications contained in the applications for repayment presented by the Member States or at a standard rate with the obligation to justify its utilization within a certain time-limit.

This is the case in particular for the following amounts paid out in favour of Italy:

- 45,000,000 u.a.            paid on 1 August 1967 under the heading of Article 4 of Regulation 130/66/EEC for the olive and olive oil sectors and also the fruit and vegetable sector
- 20,000,000 u.a.            paid on 31 March 1969 under the heading of Article 12(4) of Regulation 159/66 for the fruit and vegetable sector, period 1966/67
- 22,969,186 u.a.            paid on 26 January 1970 idem for the period 1967/68
- 31,918,124 u.a.            paid on 29 June idem for the period 1968/69
- 12,381,929 u.a.            paid on 23 December 1971 idem for the second half of 1969.

For all these payments the transmission of reports accompanied by these supporting documents was planned for the end of the transition period. This time-limit was extended to 31 December 1973 by Regulation 1966/71 of 10 May 1971 which, however, provides for the transmission of half-yearly reports.

- 15 million u.a.            paid on 10 March 1970 under the heading of Article 12 of Regulation 130/66 for the tobacco

The transmission of a report accompanied by supporting documents also planned for the end of the transition period but was put off to 31 December 1971 by Council Regulation No 490/70. In the same way, an interim report on the progress of the programme for the improvement of the production and marketing structures in the sector concerned was to be submitted on 31 December 1970.

In addition, the Grand Duchy of Luxembourg benefited on 12 October 1970 by the payment of an amount of 7,500,000 u.a. under the heading of Council Regulation No 541/70 with a view to the carrying out of measures to round off the integration of Luxembourg agriculture into the Agricultural Common Market. The report on the measures taken, accompanied by supporting documents concerning the expenditure incurred, must be transmitted before 1 January 1973.

(47) Payments in 1971

The following payments were made in 1971 in favour of the Member States:

Table No 17

Payments made in 1971 under the heading of the special measures (in u.a.)

Germany	16,693,390 u.a.
Belgium	2,103,220 u.a.
France	7,554,527 u.a.
Italy	47,699,212 u.a.
Luxembourg	88,733 u.a.
Netherlands	1,190,640 u.a.

The breakdown between the different measures is given in Annex XI. As regards the transmission of reports and supporting documents for the standard payments indicated above, Italy, in 1971, sent in its first brief reports and the supporting documents concerning the utilization of 45 million u.a. for the fruit and vegetable and the olive oil sectors.

.../...



After scrutinizing these, the Commission informed the Italian Government that they were incomplete and asked for a fuller presentation more in conformity with the spirit of the requirements laid down in the Regulations.

As regards the tobacco sector no report was transmitted in 1971, but the Italian Government submitted an intermediary one in June 1972. On this same occasion it requested a further extension until 31 December 1973 of the time-limit laid down for the presentation of the report and the supporting documents.

SECTION D - CONTRIBUTIONS

(48) The contributions due by the Member States

On 31 December 1971 the total credits committed amounted to 723,164,396 u.a., comprising the aggregate of the credits available for the years 1964 to 1970, i.e. 685,672,584 u.a. (to the exclusion of the credits reserved under the heading of the years 1969 and 1970 for the financing of joint actions) and a fraction of the credits available with respect to 1971, i.e. 37,491,812 u.a.

The breakdown between the Member States of the aid granted for the years 1964 to 1970 is the following:

Table No 18

Breakdown of the aid granted to the Member States between 1964 and 1970 in '000 u.a.

Year	Germany	Belgium	France	Italy	Luxembourg	Netherlands	Total
1964	2,558	704	1,951	3,069	-	775	9,057
1965	4,969	755	3,692	5,866	275	1,577	17,134
1966	11,600	3,230	8,924	26,771	899	3,113	54,587
1967	8,863	2,297	5,746	60,675	162	2,296	80,039
1968	27,083	7,192	23,227	56,904	820	7,531	123,449 <sup>1</sup>
1969	46,456	11,864	35,999	92,741	101	13,051	200,212
1970	<u>45,323</u>	<u>11,703</u>	<u>35,781</u>	<u>86,682</u>	<u>7,882</u>	<u>13,323</u>	<u>201,194<sup>1</sup></u>
Total	<u>147,352</u>	<u>37,794</u>	<u>115,321</u>	<u>332,709</u>	<u>10,140</u>	<u>41,665</u>	<u>685,673<sup>1</sup></u>

<sup>1</sup> Including 692,252 u.a. committed but not used concerning the enquiry into structures

The corresponding contributions are as follows:

Table No 19

Breakdown of the contributions due for aid from  
1964 to 1970

Year	in '000 u.a.						Total
	Germany	Belgium	France	Italy	Luxembourg	Netherlands	
1964	2,526	716	2,526	2,526	18	715	9,057
1965	4,330	1,389	4,449	4,798	37	1,631	17,134
1966	15,987	4,594	13,200	15,285	122	5,399	54,587
1967	25,343	6,363	26,077	14,407	176	7,663	80,039
1968	38,059	9,814	36,121	27,159	272	12,024	123,449
1969	62,446	16,217	64,069	40,643	400	16,417	200,212
1970	<u>62,773</u>	<u>16,297</u>	<u>64,382</u>	<u>40,842</u>	<u>402</u>	<u>16,498</u>	<u>201,194</u>
Total	<u>211,979</u>	<u>55,390</u>	<u>210,834</u>	<u>145,670</u>	<u>11,427</u>	<u>60,352</u>	<u>635,672</u>

49) The agreement reached - The contributions paid by the Member States

It should be noted that, according to an agreement reached, the contributions are only called for as and when the requirements arise. on 31 December 1971. the amount actually paid by the Member States was 475,241,693.91 u.a. These contributions cover the totality of the credits committed under the heading of the years 1964 to 1968 and those for 1969 to within 9 million u.a.

They break down as follows between the Member States:

Table No 20

Breakdown of the contributions paid by the Member States  
as of 31 December 1971 (in u.a.)

Germany	146,353,325.77 u.a.
Belgium	38,342,344.92 u.a.
France	143,531,662.57 u.a.
Italy	102,922,760.62 u.a.
Luxembourg	1,006,907.89 u.a.
Netherlands	<u>43,084,692.14 u.a.</u>
Total	<u>475,241,693.91 u.a.</u>

This amount far exceeds that of the payments but it must not be forgotten that it also includes 200 million u.a. representing the start-up fund provided for by the Council Resolution of 27 April 1970 for the Guarantee Section of EAGGF and whose repayment to the Guidance Section will be spread out in time.

.../...

TITLE III -- VERIFICATIONS AND IRREGULARITIES

The purpose of this Title is to inform the Council and the European Parliament, on the one hand, of the verifications both from the angle of the methods and that of the results, and on the other hand, of irregular operations and their financial consequences.

Section - Verifications

50. General

The verification of expenditure is carried out both on the basis of supporting documents transmitted by the Member States or through them to the Commission and, in situ, either with the agencies responsible for the book-keeping and having available the detailed supporting documents or with the beneficiaries of the Community subsidies.

Verification operations on the dossier carried out by the Commission departments mainly pose problems of an administrative nature. They depend both on the quality and the details of the data transmitted by the Member States in conformity with the Community rules and regulations and also on the personnel resources and the methods utilized to scrutinize the information in a satisfactory way.

As to checks on the spot, these called for specific details, particularly concerning the powers of the Commission's agents. Article 9 of Regulation No 729/70 lays down the general framework of relations between the Commission and the Member States. It applies to checks on the spot since the entry into force of the said Regulation, i.e. since May 1970, and is therefore not confined to the expenditure under the new financing system. These provisions concern all EAGGF expenditure, whether it is a matter of Guarantee or of Guidance. For the financing of the structural improvement projects, the provisions of Article 22(2) of Regulation No 17/64 continue to apply. In fact, there is no contradiction to the extent that we find again in Article 9 of Regulation No 729/70, and in a more substantial form, the measures in Article 22(2) of Regulation No 17/64 and those of the implementing Regulation No 99/64.

Article 9 of Regulation No 729/70 is a good working instrument for Community checks on the spot but its application has hitherto been very limited and very partial, particularly by reason of lack of staff and the long delays in the work of the two sections of the Fund.

In view of the fact that this Article is directly applicable without any supplementary measures and that because it is implemented on too limited a scale it is not possible to deduce any sufficient experience, the Commission has so far not considered that it was advisable to submit an implementing regulation to the Council and to the Parliament.

51. As regards the Guarantee Section, the Commission departments first make their checks on documentary material. This is a matter of material verification (whether the dossier is complete, whether the calculations are exact), after which they go on to confrontations with other available data (in particular, earlier payments, forecasts, information gathered by the Divisions administering the market organizations, various statistics), and, finally, to scrutinization in terms of the Community regulations (legality of the expenditure, rates applied).

After certain adjustments of a minor nature have been made, the expenditure which appears doubtful is examined in detail in liaison with other services and then with the representatives of the Member States. Finally, the officials of the Commission carry out a check in situ in order both to carry out spot checks and to round off, where necessary, talks on disputed cases.

As the delays in closing the accounts are enormous, the Commission did not think it advisable appreciably to increase spot checks which would have further aggravated them.

In the course of 1971 Commission officials checked the accounts for the 1966/67 period on the spot. To this end, 15 working days were spent with 18 payment services in five Member States by 3 officials, making a total of 45 days of checks. The results of the checks on documents and on the spot are entered in a report which accompanies the closing of the accounts for each period.

52. As regards the Guidance Section, a distinction should be made between the verification of the applications for payment of aid granted to the individual projects and that concerning special measures.

(a) Payments following aid granted to individual projects

As indicated above in point 38, the applications for payment submitted to the Commission by a body responsible for transmitting the supporting documents do not include the documents relating to the work carried out and the expenditure incurred but a certificate and a list enumerating the documents in question.

.../...

It should be noted that on the basis of Article 1 of Regulation No 99/64/EEC, the authority responsible for transmitting the supporting documents must send the Commission a report describing the nature of the documents which it intends to ask for with an indication of the provisions or measures on the basis of which these are drawn up. The documents indicated in this descriptive report are in principle those which the Member States require for the payment of national subsidies. In general, they respond to the needs of the Commission, which may, however, if it considers this necessary, demand the transmission of the documents themselves and even of any other paper or document calculated to establish that the financial or other conditions imposed for each project have been complied with.

53. Verifications concerning individual projects

In 1971, out of the 335 payments made, 56 applications called for more specific information concerning the data received or the transmission of supplementary documents.

The verifications on the spot provided for by Article 22(2) of Regulation No 17/64 are in principle carried out after the completion of the work and their purpose is not only to make sure that the investments have actually been put into effect and conform with the indications in the applications for aid, but also to verify, by means of a sample control of the supporting documents, their justification for being on the list transmitted to the Commission and the existence of the relevant proofs of payment.

In 1971, 16 projects situated in the different Member States - with the exception of the Grand Duchy of Luxembourg - were checked on the spot. This represents 14% of the projects completed.

It was possible to make the necessary payments for 13 of the projects checked.

On the other hand, the verification on the spot of the project B/15.1/67, entitled "Creation of a complex for the intensive fattening of young bulls for slaughter at Natoye", showed that the expenditure declared in support of the application for the payment of the balance of the aid did not correspond to the work actually carried out.

Furthermore, it was noted that the work had begun before the lodging of the application for aid as regards the projects:

F/20/69: "Extension of a station for the treatment of yeast serum at Neufchatel and construction of a factory at Molan"

F/147/69: "Modernization of a dairy at Benestrof - Moselle".

For these three projects the procedure of suspension, reduction or cancellation of the aid provided for under Article 22(2) of Regulation No 17/64 has been put in hand.

In order to carry out these checks two officials spent 20 working days.

All the controls were effected in the presence of an official of the Member State concerned. An invitation to this end is addressed in each case to this Member State in accordance with the provisions of Article 6 of Regulation No 99/64.

Finally, it should be noted that visits on the spot are in certain cases also made during the scrutiny of the aid applications. The fact is that the very choice of the projects to be financed implies a certain number of contracts and preliminary examinations on the spot, which facilitate the Commission's choices and also save the applicants from sometimes committing errors in their investments.

It follows from the above that, as regards the verification of the payments, the system leans on the controls carried out by the Member States for the payment of the national subsidies.

The conditions of acceptability of the projects and eligibility of the expenditure being governed by Community arrangements which may well diverge from the national ones, the EAGGF is responsible for seeing to it that the financing conditions are fulfilled and that they respond to the interests of the Community.

#### 54. Verifications concerning the special measures

##### (b) Special measures

The methods of verification concerning expenditure relating to the special measures depend on the nature of the latter. The fact is that certain measures consist of a subsidy fixed on a standard basis of which its utilization only occurs a posteriori and for which the Commission has no power to correct the amounts paid out.

.../...

Other measures concern statistical enquiries whose results are verified by the Statistical Office of the European Communities in accordance with the methods proper to it.

But for most of these special measures, as moreover in future for the joint actions within the meaning of Article 6 of Regulation No. 729/70, the methods of verification are similar to those applied for the expenditure of the Guarantee Section. This means that the granting of aid is decided by the Commission after verification inter alia of the conformity of the data given in the applications for reimbursement with the arrangements laid down by Regulation for each of the measures concerned. This is more specially a matter of the aids to groupings of producers of fruit and vegetables, premiums for the slaughter of cows and the non-marketing of milk and milk products and premiums for digging-up fruit trees.

For these last measures the first reimbursements were made in 1971, and the first checks on the spot in Germany and France during 1972. The purpose of these checks was to note the conformity of the information supplied with the data on the basis of which the applications for reimbursement was established. These checks were carried out under the terms of Article 9 of Regulation No 729/70, and officials of the Member States took part in them as provided for in the Article quoted.

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Section B - Irregularities

55. General

Regulation No 729/70 also contains an Article 8 which deals with the financial consequences of irregular operations. In particular, it establishes the principle of the Community responsibility for the losses due to irregularities.

It specifies that it is for the Member States to take the necessary measures to prevent and punish irregularities and to recoup the monies lost thereby. This Article also lays down implementing measures with the dual purpose of contributing certain details and organizing relations between the Member States and the Commission.

In this field, the year 1971 was devoted to the negotiation of the Commission proposal of 16 October 1970 concerning the implementation of the said Article 8. After a number of amendments during the negotiations on this proposal, the Council, on 7 February 1972, agreed Regulation No 283/72 concerning irregularities and the recovery of the monies wrongly paid in the setting of the financing of the common agricultural policy and the organization of an information system in this field<sup>1</sup>.

56. The measures provided for in Regulation No 283/72 essentially comprise three categories:

(a) Communication to the Commission of the laws, regulations and administrative provisions concerning the measures taken by the Member States to assure themselves of the actual existence and the regularity of the operations financed by the Fund, to prevent and punish irregularities, and to recover the monies lost as result of irregularities or negligence. This communication must also contain a list of the services and agencies entrusted with the application of these measures and indicating the essential arrangements concerning their role and operation (Article 2);

(b) The creation of an information system comprising the following two aspects:

- The quarterly transmission of a report indicating the cases of irregularities which have been the subject of a first administrative or legal finding, and also periodical information on the procedures put in hand with a view to the recovery of the monies wrongly paid out and periodical information completing all these details until such time as they are finally filed away (Articles 3 and 5);

.../...

<sup>1</sup>OJ No L 36, 10 February 1972, p. 36.

- The communication without delay to the Commission and to the other Member States concerned of any irregularities of which there is reason to fear that they may have very rapid effects outside the member country concerned and that they are part of the use of a new fraudulent practice (Article 4);

(c) The launching of an administrative enquiry when the Commission considers that irregularities or negligence have occurred in one or more Member States (Article 6).

57. As regards the legislation of the Member States, the Commission received the latest communication during the month of January 1973, that is often with several months time-lag in relation to the delay fixed by Regulation No 283/72. This delay may be explained by certain administrative difficulties, for the great diversity of the EAGGF expenditure affects a considerable number of national services governed by a multitude of laws and regulations.

This legislation is at present being given a first scrutiny but the comparability of the national arrangements is difficult to achieve because of their abundance and complexity.

58. As regards the system of information relating to irregularities, this must concentrate essentially on the expenditure incurred since the introduction of the definitive system for financing the common agricultural policy, i.e. with effect from 1 January 1971. For this reason, four different phases must be distinguished in the spirit of a gradual introduction of the provisions relating to irregular operations.

(a) Without prejudice to the obligation on the Member States to recover the monies wrongly paid out, the irregularities and cases of negligence concerning the accounting periods from 1962/63 to 1966/67 do not call for repayment by the Member States to the Community (Article 12). This provision was necessary above all by reason of the restrictive criteria by which Community financing was calculated and of the gradual taking on charge of these expenses.

.../...

(b) For the periods from 1 July 1967 to the end of 1970, when the Community financing of the market expenditure is total, it is laid down that the Member States shall declare the amounts involved in irregularities and cases of negligence in their applications for reimbursement (Article 12(2)).

The procedures for this reporting were laid down by Article 5 of Regulation (EEC) No 773/72 of the Commission of 17 April 1972 concerning applications for reimbursement under the heading of EAGGF (Guarantee Section) for the accounting periods 1967/68 to 1970<sup>1</sup>.

(c) As regards the year 1971, the data have been transmitted for the whole year as agreed between the representatives of the Member States and the Commission on the occasion of the putting into effect of Regulation No 283/72.

(d) Finally, for 1972, and in view of the delays which have already occurred, it has been agreed within the EAGGF Committee to link the communications relating to the first and second quarters.

59. As regards the cases of irregularities to which attention has been drawn, the present report confines itself to the data received for 1971 and 1972, since, for the earlier periods, only the information relating to the period 1967/68 has been transmitted, pointing to six cases in Germany, which have been closed by complete recovery of the amounts involved, and no case in any of the other countries.

.../...

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<sup>1</sup>OJ No L 97, 24 April 1972, p. 3.

Up to the present the EAGGF services have received the following information for the complete year 1971:

Member State	Communications received on:	Contents of these communications
Belgium	16.10.1972	no case of irregularity for amounts below 1000 u.a., and nothing communicated for amounts above this figure
Germany	16.10.1972	4 cases
France	16.10.1972 28.11.1972 11.01.1973	25 cases
Italy	-	-
Luxembourg	13.10.1972	no case of irregularity noted
Netherlands	19.10.1972	5 cases

Up to the present, 20 of these 34 cases have been closed. For the others the recovery procedures are going on. The total amount of the monies recovered is 8,061,259.22 u.a. As to the cases pending, they concern an amount of 519,389.66 u.a. For 1972 the situation is as follows:

Member State	Communications received on:	Contents of these communications
Belgium	April/May 1972	provisional communication of six cases
Germany	10.01.1973	first part of the communications following Articles 3 and 5 of R.283/72 for the 1st, 2nd and 3rd quarters of 1972 (11 cases)
France	28.11.1972	communication following Articles 3 and 5 of R.283/72 for the 1st and 2nd quarters of 1972, only FORMA (14 cases)
Italy	-	-
Luxembourg	17 and 18.01.1973	no case of irregularity noted in 1972
Netherlands	05.09.1972	communication following Article 3 of R.283/72 for the 1st and 2nd quarters of 1972 (15 cases)

Up to the present, 25 of the 40 cases (not including 6 Belgian cases) communicated have been closed. The total amount of the monies recovered is 21,898.49 u.a. Nine of the cases closed did not give rise to any recovery, as the irregularities had been discovered before payment was made. The amounts which it is impossible to recover, due in fact to two cases of force majeure total 2,225 u.a. The total amount in the course of recovery is 28,317.42 u.a.

In conclusion it may be noted that, in 1972 for the first time, cases of irregularities are officially reported to the Commission, which is at present scrutinizing them and assessing the action to be taken on them, if any.

COMMISSION OF THE EUROPEAN COMMUNITIES

European Agricultural Guidance  
and Guarantee Fund

VI - F

DRAFT

First Financial Report  
concerning  
the European Agricultural Guidance  
and Guarantee Fund  
Year 1971

submitted by  
the Commission of the European Communities  
to  
the Council of Ministers and to the European Parliament

Volume II - Annex to the Report

- A. Statistical Tables and quantified information concerning the Guarantee Section.
- B. Statistical Tables and quantified information concerning the Guidance Section.

TABLE OF CONTENTS

Statistical Tables and quantified information concerning:

A. GUARANTEE

- I. Financial resources made available to the Member States.
- II. Dates of execution of the decisions on advances.
- III. Availabilities.
- IV. Breakdown 1962/63 to 1970 by groups of products.
- V. Breakdown of expenditure and clearing operations of the Guarantee Section 1962/63 to 1970 by Member State.

B. GUIDANCE

- VI. Applications for aid by year and by Member State (years 1964 to 1970).
- VII. Aid granted for the financing of projects (1964 to 1970).
- VIII. Breakdown by region and by Member State of the projects financed between 1964 and 1970.
- IX. Utilization of the available credits.  
Situation at 31 December 1971.
- X. Payments made and credits to be brought forward.  
Situation at 31 December 1971.
- XI. Payments made by Member States in 1971.
  - a) For the individual projects.
  - b) For the special measures.
- XII. Situation at 31 December 1971 of the amounts committed and paid for the individual projects by year and by Member State.
- XIII. Amounts committed and payments made for the different special measures at 31 December 1971 broken down by Member State.
- XIV. Contributions paid by the Member States and bases of calculation.  
Situation at 1 September 1972.

Financial resources made available to the Member States in 1971 for the payment of Guarantee Section expenditure  
 Financial Year 1971

in u.a.

Date of the Decision	Belgium	Germany	France	Italy	Luxembourg	Netherlands	Total
11 January 1971	16,187.036	50,368.023	63,763.197	40,746.922	401.728	28,533.094	200,000.000
1 February 1971	10,412.964	86,622.960	75,713.667	-	-	54,716.354	227,465.945
31 March 1971	17,000.000	-	13,000.000	-	-	-	30,000.000
27 April 1971	2,000.000	46,000.000	54,000.000	67,000.000	100.000	31,000.000	200,100.000
18 May 1971	11,000.000	40,000.000	73,000.000	-	200.000	19,000.000	143,200.000
28 June 1971	7,000.000	13,000.000	50,000.000	37,000.000	20.000	20,000.000	127,020.000
16 July 1971	8,000.000	34,000.000	30,000.000	40,000.000	200.000	28,000.000	140,200.000
20 August 1971	11,000.000	32,000.000	42,000.000	59,000.000	150.000	31,000.000	175,150.000
20 September 1971	7,000.000	36,000.000	65,000.000	-	150.000	31,000.000	139,150.000
25 October 1971	7,000.000	34,000.000	80,000.000	56,000.000	100.000	20,000.000	197,100.000
24 November 1971	10,000.000	32,000.000	65,000.000	97,000.000	200.000	10,000.000	214,200.000
Total	106,600.000	403,990.983	611,476.864	396,746.922	1,521.728	273,249.448	1,793,585.945
17 December 1971	6,000.000	31,000.000	100,000.000	60,000.000	100.000	18,000.000	215,100.000



## ANNEX II

Dates of execution of the decisions on advances under the heading of the EAGGF - Guarantee Section

Date of the Decision	Date of execution						
	Belgium	Germany	France	Italy	Luxembourg	Netherlands	
11 January 1971	21 January 71	12 January 71	27 January 71	9 August 71	12 January 71	13 January 71	
1 February 1971	2 February 71	5 February 71	19 February 71	-	-	5 Feb. (24.9 mi)	
31 March 1971	31 March 71	-	31 March 71	-	-	9 Feb. (24.3 mi)	
27 April 1971	27 April 71	27 April 71	27 April 71	27 May 71	27 April 71	15 Feb. (5.5 mi)	
18 May 1971	27 May 71	27 May 71	27 May 71	-	27 May 71	-	
28 June 1971	28 June 71	28 June 71	28 June 71	9 August 71	28 June 71	27 April 71	
16 July 1971	26 July 71	26 July 71	26 July 71	21 Sep. (24 mil) 5 Oct. (16 mil)	26 July 71	27 May 71	
20 August 1971	23 August 71	23 August 71	23 August 71	5 October 71	23 August 71	28 June 71	
20 September 1971	27 September 71	27 September 71	21 Sep. (52 mil) 27 Sep. (13 mil)	-	27 September 71	27 July 71	
25 October 1971	25 October 71	25 October 71	25 October 71	22 November 71	25 October 71	23 Aug. (20.7 mi)	
24 November 1971	3 December 71 (2 mil u.a.)	3 December 71 (6.4 mil u.a.)	3 December 71 (13 mil u.a.)	3 December 71 (19.4 mil u.a.)	3 December 71 (40.000 u.a.)	26 Aug. (10.3 mi)	
	21 December 71 (8 mil u.a.)	16 December 71 (25.6 mil u.a.)	16 December 71 (52 mil u.a.)	10 January 72 (48 mil u.a.) 1 February 72 (29.6 mil u.a.)	21 December 71 (160.000 u.a.)	27 September 71	
Financial Year 1972	21 January 72	4 January 72	Dec. (33 mil) Jan. (67 mil)	1 February 72	11 January 72	25 October 71	
17 December 1971						3 December 71 (2 mil u.a.)	December 71

## ANNEX III

## AVAILABILITIES OF FINANCIAL RESOURCES OF THE MEMBER STATES AT THE END OF EACH MONTH

Financial Year 1971

1 000 000 u.a.

Member State	Designation of the line	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<u>BELGIUM</u>	A. Aggregated advances	26.6	43.6	45.6	56.6	63.6	71.6	82.6	89.6	96.6	106.6
	B. Aggregated expenditures	21.4	30.5	40.8	51.3	59.5	69.3	78.4	85.5	90.2	99.4
	C. Balances remaining available	5.2	13.1	4.8	5.3	4.1	2.3	4.2	4.1	6.4	7.2
<u>GERMANY</u>	A. Aggregated advances	137.0	137.0	133.0	223.0	236.0	270.0	302.0	338.0	372.0	404.0
	B. Aggregated expenditures	98.6	135.6	163.4	195.2	226.5	258.5	290.8	322.5	355.4	392.1
	C. Balances remaining available	38.4	1.4	19.6	27.8	9.5	11.5	11.2	15.5	16.6	11.9
<u>FRANCE</u>	A. Aggregated advances	139.5	152.5	206.5	279.5	329.5	359.5	401.5	466.5	546.5	611.5
	B. Aggregated expenditures	109.2	151.0	198.3	255.3	307.1	350.7	410.7	462.0	536.4	600.7
	C. Balances remaining available	30.3	1.5	8.2	24.2	22.4	8.8	- 9.2	4.5	10.1	10.8
<u>ITALY</u>	A. Aggregated advances	-	-	67.0	67.0	67.0	144.7	168.7	243.7	299.7	319.1 <sup>1</sup>
	B. Aggregated expenditures	-	-	-	1.7	23.8	60.4	105.9	181.1	254.5	213.4 <sup>2</sup>
	C. Balances remaining available	-	-	67.0	65.3	43.2	84.3	62.8	62.6	45.2	105.7
<u>LUXEMBOURG</u>	A. Aggregated advances	0.40	0.40	0.50	0.70	0.72	0.92	1.07	1.22	1.32	1.52
	B. Aggregated expenditures	0.09	0.20	0.40	0.49	0.67	0.80	0.94	1.13	1.25	1.42
	C. Balances remaining available	0.31	0.20	0.10	0.21	0.05	0.12	0.13	0.09	0.07	0.10
<u>NETHERLANDS</u>	A. Aggregated advances	83.2	83.2	114.2	133.2	153.2	181.2	212.2	243.2	263.2	273.2
	B. Aggregated expenditures	45.7	69.4	92.1	119.3	154.2	176.1	200.7	222.5	242.9	264.2
	C. Balances remaining available	37.5	13.8	22.1	13.9	- 1.0	5.1	11.5	20.7	20.3	9.0

<sup>1</sup> 77.6 million u.e. of the amount fixed by the decision on an advance for December were only paid out in January and February 1972.

<sup>2</sup> This amount allows for a rectification of the expenditure communicated in January 1972.

ANNEX IV

Breakdown of expenditure of the Guarantee Section from 1962/63 to 1970 by groups of products

s. refund

Sector	I - Intervention						1000 u.a.	
	1962/63	U.a.	1963/64	U.a.	1964/65	U.a.	1965/66	1966/67
Cereals	Spec.exp.	R	21,075,322.92	111,195,235.77	9,231,511.93	112,579,578.56	685,315	559,729
	I	5,451,545.14	2,975,121.22	11,631,243.21	27,522,213.71	14,139	28,182	
	Tot.	26,526,868.06	114,170,356.99	20,862,755.14	140,101,792.27	699,454	587,911	
Milk products	R	17,955,854.78	74,273,774.72	74,273,774.72	105,453,769.02	232,821	225,500	
	I	4,420,000.00	15,923,000.00	13,310,000.00	15,923,000.00	37,705	23,135	
	Tot.	22,375,854.78	90,196,774.72	87,583,774.72	121,376,769.02	270,526	248,635	
Pigmeat	R	49,743.43	7,778,516.43	10,450,549.15	15,454,782.41	49,530	35,066	
	I	-	-	-	-	195	195	
	Tot.	49,743.43	7,778,516.43	10,450,549.15	15,454,782.41	49,725	35,261	
EGGS	R	351,450.84	967,785.85	1,259,096.14	2,271,029.21	861	1,591	
	I	-	-	-	-	3,316	4,844	
	Tot.	351,450.84	967,785.85	1,259,096.14	2,271,029.21	3,316	4,844	
Poultry	R	164,122.75	1,641,317.23	3,271,814.82	3,247,844.45	6,167	13,938	
	I	-	-	-	-	5,167	13,938	
	Tot.	164,122.75	1,641,317.23	3,271,814.82	3,247,844.45	11,334	27,876	
Beef and veal	R	-	-	-	-	5,393	10,572	
	I	-	-	-	-	116	116	
	Tot.	-	-	-	-	5,509	10,688	
Rice	R	-	605,178.11	26,323.59	1,271,341.50	4,223	4,145	
	I	-	-	5,954.38	83,176.07	205,445	205,445	
	Tot.	-	605,178.11	32,277.97	1,354,517.65	4,428	4,350	
Oils and fats	R	-	-	-	-	129,834	209,591	
	I	-	-	-	-	17,860	27,043	
	Tot.	-	-	-	-	147,694	236,634	
Fruit and vegetables	R	-	-	-	-	17,860	27,043	
	I	-	-	-	-	17,860	27,043	
	Tot.	-	-	-	-	35,720	54,086	
Sugar	R	-	-	-	-	1,222	905	
	I	-	-	-	-	1,222	905	
	Tot.	-	-	-	-	2,444	1,810	
Products not incl. in Annex II	R	-	-	-	-	1,222	905	
	I	-	-	-	-	1,222	905	
	Tot.	-	-	-	-	2,444	1,810	
Grand Total	R	22,251,239.99	114,197,783.55	124,733,378.51	164,404,329.05	4,222	4,502	
	I	6,461,846.14	3,091,721.22	49,097,097.57	140,494,245.47	827,291	982,736	
	Tot.	28,713,086.13	117,289,504.77	173,830,476.08	304,898,574.52	5,049	5,488	

1000 u.a.

Sector

Spec.exp.

Sector	2nd half 1970	1971
Cereals	34,041 25,044 59,085	34,041 25,044 59,085
Milk products	112,845 42,132 154,977	112,845 42,132 154,977
Pigmeat	28,450 23,430 51,880	28,450 23,430 51,880
EGGS	1,131 3,329 4,460	1,131 3,329 4,460
Poultry	12,175 6,261 18,436	12,175 6,261 18,436
Beef and veal	33,197 1,016 34,213	33,197 1,016 34,213
Rice	3,042 297,177 300,219	3,042 297,177 300,219
Oils and fats	2,174 273,216 275,390	2,174 273,216 275,390
Fruit and vegetables	23,442 15,172 38,614	23,442 15,172 38,614
Sugar	10,703 62,513 73,216	10,703 62,513 73,216
Products not incl. Annex II	11,511 - 11,511	11,511 - 11,511
Processed products	- - -	- - -
Fisheries	- - -	- - -
Mine	- - -	- - -
Tobacco	- - -	- - -
Flax and hemp	- - -	- - -
Grand Total	4,598 629,370 974,900	4,598 629,370 974,900

ANNEX VBreakdown of expenditure and clearing operations of the Guarantee Section  
-1962/63 to 1970 by Member State

Member States	Reimbursements		Contributions		Debit Balances	Credit Balances
	in '000 u.a.	%	in '000 u.a.	%	in '000 u.a.	in '000 u.a.
<u>Belgium</u>						
1962/1963	305.4	1.06	2,269.1	7.9	1,903.7	-
1963/1964	382.6	0.76	4,109.5	8.107	3,726.9	-
1964/1965	1,810.6	1.13	13,451.9	8.415	11,641.3	-
1965/1966	13,621.3	5.71	18,971.5	7.95	5,349.7	-
1966/1967	21,113.5	5.34	31,445.5	7.95	10,332.0	-
1967/1968	91,571.5	8.81	84,243.4	8.11	-	7,328.1
1968/1969	112,055.3	6.82	137,777.9	8.39	25,722.1	-
2nd half year 1969	92,280.8	5.53	162,212.8	9.72	69,932.0	-
1970	188,394.7	7.23	214,891.3	8.25	26,446.6	-
	<u>521,536.7</u>		<u>669,322.9</u>		<u>147,786.2</u>	
<u>Germany</u>						
1962/1963	1,790.2	6.23	8,042.5	28	6,252.3	-
1963/1964	2,636.8	5.20	14,290.7	28.193	11,653.9	-
1964/1965	6,892.6	4.31	46,821.7	29.288	39,929.1	-
1965/1966	18,547.6	7.77	75,575.9	31.67	57,028.3	-
1966/1967	28,895.0	7.32	121,945.1	30.83	93,050.1	-
1967/1968	127,921.4	12.31	311,435.5	29.97	183,514.1	-
1968/1969	289,328.2	17.61	486,210.1	29.60	196,881.9	-
2nd half year 1969	409,197.6	24.52	471,036.2	28.22	61,833.6	-
1970	671,686.3	25.73	825,511.4	31.70	153,825.1	-
	<u>1,556,895.7</u>		<u>2,360,869.1</u>		<u>803,973.4</u>	
<u>France</u>						
1962/1963	24,479.2	85.23	8,042.5	28	-	16,436.7
1963/1964	45,418.1	89.60	13,161.4	25.965	-	32,256.7
1964/1965	124,049.9	77.60	38,659.0	24.182	-	85,390.9
1965/1966	139,115.3	58.30	77,747.4	32.58	-	61,367.9
1966/1967	155,150.2	39.22	115,735.1	29.26	-	39,415.1
1967/1968	402,426.2	33.73	186,422.5	17.94	-	216,003.7
1968/1969	682,883.4	41.57	370,952.7	22.58	-	311,930.7
2nd half year 1969	493,681.9	29.38	402,311.4	24.11	-	91,370.5
1970	788,683.7	30.29	729,158.3	28.00	-	59,525.4
	<u>2,855,887.9</u>		<u>1,942,190.3</u>			<u>913,697.6</u>
<u>Italy</u>						
1962/1963	1,280.6	4.46	8,042.5	28	6,761.9	-
1963/1964	704.8	1.39	14,193.1	28	13,488.3	-
1964/1965	2,116.0	1.33	44,761.9	28	42,645.9	-
1965/1966	4,898.6	2.05	42,954.4	18	38,055.8	-
1966/1967	108,978.5	27.55	87,018.9	22	-	21,959.6
1967/1968	197,027.4	18.97	294,921.0	28.38	97,833.6	-
1968/1969	266,519.3	16.23	428,362.3	26.08	161,843.0	-
2nd half year 1969	445,947.4	26.72	444,858.8	26.66	-	1,088.6
1970	537,505.5	20.64	559,889.4	21.50	22,383.9	-

Member States	Reimbursements		Contributions		Debit Balances	Credit Balances
	in '000 u.a.	%	in '000 u.a.	%	in '000 u.a.	in '000 u.a.
<u>Luxembourg</u>						
1962/1963	3.4	0.01	57.4	0.2	54.0	-
1963/1964	5.5	0.01	109.6	0.216	104.1	-
1964/1965	37.5	0.02	358.1	0.224	320.6	-
1965/1966	127.4	0.05	525.0	0.22	397.6	-
1966/1967	199.5	0.05	870.2	0.22	670.7	-
1967/1968	320.7	0.03	1,514.6	0.15	1,193.9	-
1968/1969	1,543.1	0.10	2,470.7	0.15	927.6	-
2nd half year 1969	1,201.5	0.07	2,497.8	0.15	1,296.3	-
1970	1,992.3	0.08	5,208.3	0.20	3,216.0	-
	<u>5,430.9</u>		<u>13,611.7</u>		<u>8,180.8</u>	
<u>Netherlands</u>						
1962/1963	864.3	3.01	2,269.1	7.9	1,404.8	-
1963/1964	1,541.7	3.04	4,825.2	9.519	3,283.5	-
1964/1965	24,957.4	15.61	15,811.4	9.891	-	9,146.0
1965/1966	62,324.8	26.12	22,861.3	9.58	-	39,463.0
1966/1967	81,203.7	20.52	38,525.6	9.74	-	42,678.0
1967/1968	219,737.1	21.15	160,527.3	15.45	-	59,209.0
1968/1969	290,298.2	19.67	216,854.3	13.20	-	73,443.0
2nd half year 1969	226,558.5	13.58	185,950.7	11.14	-	40,607.0
1970	415,874.4	15.97	269,528.2	10.35	-	146,346.0
	<u>1,323,360.1</u>		<u>917,153.1</u>			<u>406,207.0</u>

<sup>1</sup>Definitive figures: periods 1962/63 to 1966/67 inclusive:  
with effect from 1967/68 the figures are provisional and based on the expenditure (100%) taken into consideration for the advances and the supplementary expenditure declared by the Member States for the periods "second half year 1969" and "1970".

ANNEX VI

APPLICATIONS FOR AID BY YEAR AND BY MEMBER STATE  
GUIDANCE SECTION  
(Years 1964 to 1970)

YEAR	PROJECTS SUBMITTED		PROJECTS NOT CHOSEN FOR LACK OF ADEQUATE RESOURCES	NUMBER OF PROJECTS NOT CONFORMING TO REQUIREMENTS	NUMBER OF UNACCEPTABLE PROJECTS	NUMBER OF PROJECTS	PROJECTS FINANCED	
	Total number of projects submitted	Number of projects withdrawn or having become pointless					Number of projects introduced	Total investments ('000 u.s.)
1964	226	19	81	0	69	207	142,057	9,056,922
1965	154	21	6	7	23	133	131,108	17,134,258
1966	495	68	103	17	48	427	373,174	41,586,875
1967	303	31	91	12	17	272	265,358	26,039,369
1968	739	96	256	23	26	643	724,714	94,897,375
1969	894	64	144	9	14	830	902,501	160,000,000
1970	862	33	260	7	14	829	1,108,585	159,999,497
Totals	3,673	332	846	75	211	3,341	3,652,498	508,714,296

## ANNEX VIII

Aids granted by EAGGF (Guidance Section) for the financing of projects between 1964 and 1970

in u.a.

YEAR	GERMANY		BELGIUM		FRANCE		ITALY		LUXEMBOURG		NETHERLANDS		EEC	
	No of projects	Aids granted	No of projects	Aids granted	No of projects	Aids granted	No of projects	Aids granted	No of projects	Aids granted	No of projects	Aids granted	No of projects	Aids granted
1964	9	2,557,635	7	703,751	10	1,951,487	27	3,069,464	-	-	4	774,585	57	9,056,5
1965	21	4,968,976	6	754,985	21	3,692,070	40	5,865,889	1	275,000	8	1,577,338	97	17,134,2
1966	59	11,600,152	20	3,279,496	33	8,924,174	119	13,771,303	3	899,342	20	3,112,408	254	41,586,8
1967	51	7,239,940	9	2,040,664	34	5,745,508	59	8,835,445	2	150,600	17	2,027,212	152	26,039,3
1968	95	26,569,946	45	7,154,359	65	20,876,853	188	31,989,105	2	813,700	43	7,493,412	438	94,897,3
1969	152	45,100,881	69	11,826,499	132	35,660,880	249	54,303,638	3	94,550	58	13,013,552	663	160,000,0
1970	148	44,564,169	71	11,665,534	114	35,443,459	173	54,265,555	2	374,867	40	13,285,913	548	159,999,4
TOTALS	515	143,001,699	227	37,425,288	409	112,294,431	855	172,100,399	13	2,608,059	190	41,284,420	2209	508,714,2

## ANNEX VIII

BREAKDOWN BY MEMBER STATE AID BY REGION OF THE  
PROJECTS FINANCED BY THE EAGGF GUIDANCE SECTION

(from 1964 to 1970)

in '000 u.a.

GERMANY		BELGIUM		FRANCE		ITALY		NETHERLANDS	
Community region	Assistance granted	Community region	Assistance granted	Community region	Assistance granted	Community region	Assistance granted	Community region	Assistance granted
Schleswig-Folstein	14.356	North	Paris region	1.381	North-west	4.327	North	13.024	
Hamburg	186	South	Paris basin	16.652	Lombardia	5.419	East	8.301	
Bremen	581	Brabant	North	3.660	North-east	29.126	West	13.010	
Niedersachsen	28.473	East	East	6.115	Emilia Romagna	23.518	South	6.951	
Nordrhein-Westfalen	17.249	West	West	27.040	Centre	34.262			
Hessen	12.765	South-west	South-west	18.717	Lazio	12.882			
Rheinland-Pfalz	13.547	Centre east	Centre east	14.498	Campania	3.572			
Baden-Württemberg	22.057	Mediterranean	Mediterranean	24.233	Abruzzi-Molise	5.019			
Bayern	32.901				South	45.661			
Saar	285				Sicilia	6.073			
					Sardegna	1.192			
					Centro Lazio	1.077			
Total	143.001	Total	Total	112.295	Total	172.100	Total	41.284	



UTILIZATION OF THE AVAILABLE CREDITS

Situation at 31 December 1971

ANNEX IX

in u.a.

	Credits entered or re-entered	Credits brought forward by the Council of Ministers	Credits available	Credits committed of which		Credits not-committed of which	
				projects	special aims	cancelled	brought forward by the Council of Ministers
<u>Budget 1965</u>							
- year 1964	9 057 000	-	9 057 000	9 056 922 <sup>1</sup>	-	78	-
- year 1965	16 617 000	-	16 617 000	-	-	16 617 000	-
- total	25 674 000	-	25 674 000	9 056 922	-	16 617 078	-
<u>Budget 1966</u>							
- year 1965	16 617 000	517 440	17 134 440	17 134 258 <sup>2</sup>	-	182	-
- year 1966	58 561 000	-	58 561 000	-	-	58 561 000	-
- total	75 178 000	517 440	75 695 440	17 134 258	-	58 561 182	-
<u>Budget 1967</u>							
- year 1966	54 300 000	279 676	54 579 676	41 586 875 <sup>3</sup>	5 000 000 <sup>4</sup>	801	8000 000
- year 1967	80 040 000	-	80 040 000	-	50 000 000 <sup>5</sup>	30 040 000	-
- total	134 340 000	279 676	134 627 676	41 586 875	55 000 000	30 040 801	8 000 000
<u>Budget 1968</u>							
- year 1966	-	8 000 000	8 000 000	-	8 000 000 <sup>6</sup>	-	-
- year 1967	30 040 000	-	30 040 000	26 039 369 <sup>7</sup>	4 000 000 <sup>8</sup>	-	631
- year 1968	123 460 000	-	123 460 000	34 114 667 <sup>9</sup>	24 000 000 <sup>10</sup>	65 227 524	117 809
- total	153 500 000	8 000 000	161 500 000	60 154 036	36 000 000	65 227 524	118 440
<u>Budget 1969</u>							
- year 1968	65 227 524	118 440	65 345 964	60 782 708 <sup>11</sup>	3 931 253 <sup>12</sup>	632 003	-
- year 1969	285 000 000	-	285 000 000	8 472 837 <sup>13</sup>	37 969 486 <sup>14</sup>	238 557 677	-
- total	350 227 524	118 440	350 345 964	69 255 545	41 900 739	239 189 680	-
<u>Budget 1970</u>							
- year 1968	632 003	-	632 003	-	620 798 <sup>15</sup>	-	-
- year 1969	238 557 677	-	238 557 677	151 527 163 <sup>16</sup>	2 242 301 <sup>17</sup>	84 799 418	-
- year 1970	285 000 000	-	285 000 000	-	39 448 124 <sup>18</sup>	245 531 099	20 777
- total	524 189 680	-	524 189 680	151 527 163	42 311 223	330 330 517	20 777
<u>Budget 1971</u>							
- year 1969	84 799 418	-	84 799 418	-	-	84 799 418	-
- year 1970	245 531 099	20 777	245 551 876	159 999 497 <sup>19</sup>	1 746 326 <sup>20</sup>	83 751 882	54 171
- year 1971	427 500 000	-	427 500 000	-	37 491 812 <sup>21</sup>	386 000 000	4 008 180
- total	757 830 517	20 777	757 851 294	159 999 497	39 238 138	514 551 300	4 062 359
<u>Budget 1972</u>							
- year 1969	84 799 418	-	-	-	-	-	-
- year 1970	83 751 882	54 171	-	-	-	-	-
- year 1971	386 000 000	4 008 181	-	-	-	-	-
- year 1972	285 000 000	-	-	-	-	-	-
- total	759 551 300	4 062 359	-	-	-	-	-

Total amount of credits committed up to 31 December 1971 : 723 164 396

of which projects : 508 714 296

special aims : 214 450 100

Footnotes Annex IX

The amounts indicated in the attached table concern:

- <sup>1</sup> 57 projects for the year 1964. Commission Decision of 14.10.1965.
- <sup>2</sup> 97 projects for the year 1965. Commission Decision of 19.7.1966.
- <sup>3</sup> 254 projects for the year 1966. Commission Decision of 27.7.1967.
- <sup>4</sup> 29 projects concerning the repair of damage caused by floods in Italy R.206/66  
Commission Decision of 2.10.1967.
- <sup>5</sup> - 5 million u.a. idem<sup>4</sup>.  
- 45 million u.a. for the benefit of Italy in favour of the fruit and vegetable  
sectors and also olives and olive oil (Article 4 R.130/66). Commission  
Decision of 5.7.1967.
- <sup>6</sup> - 8 million u.a. for the benefit of Italy in favour of the olives and olive  
oil sector (Article 13 R.130/68). Commission Decision of 29.2.1968.
- <sup>7</sup> 152 projects for the year 1967. Commission Decision of 15.3.1968.
- <sup>8</sup> Enquiries into the structure of farms according to R.70/66/EEC.  
Commission Decision of 18.12.1968.
- <sup>9</sup> 161 projects for the year 1968 (instalment I). Commission Decision of 18.12.1968.
- <sup>10</sup> - 4 million u.a. idem<sup>8</sup>.  
- 20 million u.a. for the benefit of Italy in favour of the fruit and vegetables  
sector in respect of the period 1966/67 (Article 12(4) of R.159/66/EEC).  
Commission Decision of 16.10.1968.
- <sup>11</sup> 277 projects for the year 1968 (instalments Ia and II). Commission  
Decisions of 5.2.1969 and 23.7.1969.
- <sup>12</sup> - 3,043,253 u.a. for the benefit of Italy as reimbursement of expenditure  
incurred for the repair of damage caused by African swine fever in 1967  
(R.349/68). Commission Decision of 29.4.1969.  
- 888,000 u.a. for the enquiries into the pig population carried out by the  
Member States (R.350/68). Commission Decisions of 17.7.1969 and 11.11.1969.
- <sup>13</sup> 34 projects for the year 1969 (instalment I). Commission Decision of 29.10.1969.
- <sup>14</sup> - 22,969,486 u.a. for the benefit of Italy in favour of the fruit and  
vegetables sector in respect of the period 1967/68 (Article 12(4) of  
R.159/66/EEC). Commission Decision of 22.12.1969.  
- 15 million u.a. for the benefit of Italy in favour of the unmanufactured  
tobacco sector (Article 12(1) of R.130/66/EEC). Commission Decision of  
22.12.1969.
- <sup>15</sup> - 200,000 u.a. for the benefit of Germany as reimbursement of the aid granted  
to organizations of fruit and vegetable producers during the years 1967 and  
1968 (Article 12(3) of R.159/66/EEC). Commission Decision of 21.12.1970.  
- 312,000 u.a. for the pig population enquiries carried out by Italy (R.350/68).  
Commission Decision of 16.2.1970.  
- 108,798 u.a. for the benefit of Italy as reimbursement of expenditure for  
research into swine fever (R.349/68). Commission Decision of 3.12.1970.

Footnotes Annex IX (cont'd)

- <sup>16</sup> 629 projects for the year 1969 (instalments II, III and IV). Commission Decisions of 2.3.1970, 1.7.1970 and 27.10.1970.
- <sup>17</sup> - 1,042,301 u.a. idem<sup>15</sup> first inset.  
- 1,200,000 u.a. for the enquiries into the pig population carried out by the Member States (R.350/68). Commission Decisions of 4.6.1970 and 4.12.1970.
- <sup>18</sup> - 7.5 million u.a. for the benefit of the Grand Duchy of Luxembourg for the implementation of measures to complete the integration of its agriculture into the Common Market (R.541/70). Commission Decision of 12.10.1970.  
- 31,948,124 u.a. for the benefit of Italy in favour of the fruit and vegetables sector in respect of the period 1968/69 (Article 12(4) of R.159/66/EEC). Commission Decision of 22.12.1970.
- <sup>19</sup> 766 projects for the year 1970 (instalments I, II and III). Commission Decisions of 10.3.1971, 12.7.1971 and 22.12.1971.
- <sup>20</sup> - 1,200,000 u.a. for the enquiries into the pig population carried out by the Member States (R.350/68). Commission Decisions of 14.6.1971 and 17.12.1971.  
- 546,326 u.a. for the benefit of Germany as reimbursement of the aid granted to the organizations of fruit and vegetables producers during the year 1969 (Article 12(3) of R.159/66/EEC). Commission Decision of 21.12.1971.
- <sup>21</sup> - 24,773,340 u.a. paid to the Member States (of which Germany 14,255,500 u.a., Belgium 2,065,930, France 7,216,577, Luxembourg 81,983, Netherlands 1,153,350) in reimbursement of the premiums paid in 1970 for the slaughter of cows and non-marketing of milk and milk products (R.1975/69). Commission Decisions of 17.12.1971 and 22.12.1971.  
- 336,543 u.a. for the benefit of Germany as reimbursement for the premiums paid in 1970 for the uprooting of fruit trees (R.2517/69). Commission Decision of 21.12.1971.  
- 12,381,929 u.a. for the benefit of Italy in favour of the fruit and vegetables sector under the heading of the period "second half-year 1969" (Article 12(4) of R.159/66/EEC). Commission Decision of 21.12.1971.

ANNEX X

PAYMENTS MADE AND CREDITS TO BE BROUGHT FORWARD

Situation at 31 December 1970

(See footnote on following page)

in u.s.

Commitments accounted for in	In respect of	Credit committed up to 31 Dec. 1971	Payments made up to 31 Dec. 1971	Credits cancelled	Credits to be cancelled	Credits to be carried forward	
						*	**
1965	- 57 projects for the year 1964 .....	9,074,902	6,617,431	861,781	405,199	-	1,170,511
1966	- 97 projects for the year 1965 .....	17,134,259	10,712,330	841,465	2,325,274	-	3,350,000
1967	- 254 projects for the year 1966 - 29 "INON-Italy" .....	41,585,575	19,547,600,000	1,047,451	-	20,891,132,000	-
	- Fruit & vegetable sec., olives & olive oils, Italy (Article 4 R.130/66) .....	10,000,000	4,419,151	1,018,000	-	3,742,817	-
	- 152 projects for the year 1967 (instalment I)	45,000,000	45,000,000	-	-	-	-
1968	- 161 " " " " 1968	-	-	-	-	-	-
	- Enquiry into farm structures (R.70/66) .....	25,019,719	11,493,256	214,273	-	14,314,810	-
	- Olive & olive oil sec., Italy (Art. 13. R.130/68) .....	34,114,667	10,476,116	24,729	-	23,611,822	-
	- Fruit & vegetable sector, Italy period 1966/67 (Article 12(4) R.159/66) .....	8,000,000	8,000,000	-	-	-	-
1969	- 277 projects for 1968 (instalments Ia & II)	20,000,000	20,000,000	-	-	-	-
	- 34 " " " " 1969 (instalment I) .....	20,000,000	20,000,000	-	-	-	-
	- Repair of swine fever damage 1967, Italy (R.349/68) .....	60,782,709	17,016,944	99,532	-	43,666,232	-
	- Census of pig population (R.350/68) .....	8,472,817	1,442,017	-	-	7,030,800	-
	- Fruit & vegetable sec., Italy, period 1967/68 (Article 12(4) R.159/66) .....	3,011,253	3,011,253	-	-	-	-
	- Raw tobacco sector - Italy (Art.12(1) R.130/66) .....	808,000	808,000	-	-	-	-
1970	- 629 projects for the year 1969 (instalments II, III and IV) .....	22,269,486	22,269,486	-	-	-	-
	- Census of pig population (R.350/68) .....	15,000,000	15,000,000	-	-	-	-
	- Integration of Luxembourg agriculture into the Common Market-Grand Duchy (R.541/70) .....	151,527,161	16,070,819	175,495	-	135,671,849	-
	- Reimbursement to Italy of expenditure on research into swine fever (R.349/68) .....	1,512,000	1,512,000	-	-	-	-
	- Idem to Germany of aid to fruit & vegetable producers 1967 (Article 12(3) R.159/66 & 1968 .....	1,500,000	7,500,000	-	-	-	-
	- Payment to Italy for the fruit & vegetable sector period 1968/69 (Article 12(4) R.159/66) .....	108,750	80,998,50	-	-	27,799,50	-
	- Payment to Italy for the fruit & vegetable sector period 1968/69 (Article 12(4) R.159/66) .....	1,242,301	1,242,301	-	-	-	-
1971	- 766 projects for the year 1970 (instalments I, II & III) .....	31,948,124	31,948,124	-	-	-	-
	- Census of pig population (R.350/68) .....	159,999,497	749,816	-	-	159,249,681	-
	- Reimbursement to Germany of aid to groupings of fruit and vegetable producers in 1969 (Article 12(3) R.159/66) .....	1,200,000	1,200,000	-	-	-	-
	- Reimbursement to the Member States of premiums paid in 1970 for the slaughter of cows and the non-marketing of milk and milk products (R.1975/69) .....	246,325	246,325	-	-	-	-
	- Reimbursement to Germany of the premiums paid in 1970 for the up-rooting of fruit-trees (R.2517/69) .....	24,773,340	24,773,340	-	-	-	-
	- Payment to Italy for the fruit and vegetable sector period "second-half 1969" Article 12(4) R.159/66) .....	335,543	335,543	-	-	-	-
	- Payment to Italy for the fruit and vegetable sector period "second-half 1969" Article 12(4) R.159/66) .....	12,281,872	12,281,872	-	-	-	-
TOTAL		703,164,305	257,185,054	5,704,559	2,750,473	412,842,131	4,370,719
CREDITS NOT COMMITTED							4,002,159
CREDITS TO BE BROUGHT FORWARD						412,842,131	5,350,075

\* Automatic carrying forward  
 \*\* Carrying forward after Council of Ministers' Decision

Footnotes Annex X

<sup>1</sup> of which: 3,349,120 u.a. concerning 29 projects whose beneficiaries renounced execution;

743,157 u.a. concerning 57 completed projects whose costs were lower than the estimates;

682,832 u.a. concerning 4 projects to which changes during the execution of the work made it necessary to amend the decision. As the costs of the changed project were inferior to those planned for the initial project, the aid laid down in the amending decision is lower than that fixed in the initial decision;

327,608 u.a. concerning 3 projects whose execution does not conform with the description contained in the decision to grant the aid;

692,252 u.a. concerning the enquiry into farm structures.

<sup>2</sup> of which: a) 29,451 u.a. concerning two projects whose execution does not conform with the description contained in the decision to grant the aid;

314,612 u.a. concerning 9 projects and 4 sub-projects completed whose costs were lower than the estimates;

b) 71,015 u.a. concerning 1 project to which changes during the execution of the work necessitated an amendment to the decision. As the costs of the changed project are lower than those estimated in the initial project, the aid fixed in the amending decision is lower than that under the initial one.

c) 2,315,395 u.a. concerning 15 projects and 1 sub-project whose beneficiaries have renounced execution.

## ANNEX XIa

## Payments made by Member States in 1971 for the individual projects

in u.s.

Years	Germany	Belgium	France	Italy	Luxembourg	Netherlands	Total
1964	60,123	30,000	79,214	304,923	-	-	474,260
1965	767,895	-	385,031	1,133,474	-	250,639	2,537,039
1966	774,903	214,102	111,090	885,214	-	225,000	2,210,309
1967	469,099	129,586	1,140,221	1,603,320	-	333,103	3,675,329
1968 1.	996,119	443,084	220,637	727,317	13,700	164,705	2,565,562
1968 2.	1,793,136	660,392	1,265,388	690,369	-	682,535	5,091,870
1969 1.	439,845	150,945	38,538	-	-	206,575	835,903
1969 2.3.4.	6,253,789	613,896	2,731,377	549,797	25,250	1,442,210	11,616,319
1970	-	532,464	-	-	217,372	-	749,836
	11,554,959	2,774,469	5,971,496	5,894,414	256,322	3,304,767	29,756,427

ANNEX XIb

Payments made in 1971 for the special measures broken down by Member States

in u.a.

	Germany	Belgium	France	Italy	Luxembourg	Netherlands	Total
INON R 206/66				2,685,131			2,685,131
Enquiries - structure R 70/66				135,030			135,030
Research - swine fever R 349/66				80,998.5			80,998.5
Aid to producer groupings Art. 12(3) R 155/66	1,242,301 <sup>1</sup> 546,326 <sup>2</sup>			31,948,124 <sup>3</sup> 12,381,929 <sup>4</sup>			1,242,301 546,326
Fruit and vegetables Art. 12(4) R 155/66							31,948,124 12,381,929
Census of pig population R 350/68	312,720	37,290	337,950	463,000	6,750	37,290	1,200,000
Slaughter of cows R 1975/69	14,255,500	2,065,930	7,216,577	-	81,983	1,153,350	24,773,340
Uprooting of fruit trees R 2517/69	336,543						336,543
	16,693,390	2,103,220	7,554,527	47,699,212.5	88,733	1,190,640	75,329,772.5

ANNEX XII

Situation at 31 December 1971 of the amounts committed and paid for the individual projects by year and by Member State

	Total	Germany	Belgium	France	Italy	Luxembourg	Netherlands
1 Amounts committed	9,056,922	2,557,635	703,751	1,951,487	3,069,464	-	774,565
Amounts paid	6,617,431	2,477,591	700,945	1,239,610	1,425,200	-	774,565
5 Amounts committed	17,134,258	4,968,976	754,965	3,632,070	5,865,889	275,000	1,577,338
Amounts paid	10,617,330	3,458,655	739,318	2,314,039	2,202,950	275,000	1,577,338
6 Amounts committed	41,586,875	11,600,152	3,279,496	8,924,174	13,771,303	899,342	3,112,408
Amounts paid	19,647,875.5	7,483,411.5	2,720,298	3,744,612	2,172,137	594,561	2,332,656
7 Amounts committed	26,039,369	7,232,940	2,010,664	5,745,506	8,833,445	150,600	2,027,212
Amounts paid	11,490,258	3,890,224	814,559	2,647,971	2,463,771	25,600	1,646,131
8 Amounts committed	94,897,375	26,569,946	7,154,359	20,876,653	31,989,105	813,700	7,423,412
Amounts paid	22,493,060	11,277,227	2,450,965	3,424,299	1,578,142	13,700	3,747,727
9 Amounts committed	160,000,000	45,100,861	11,826,499	35,660,660	54,303,638	94,550	13,013,552
Amounts paid	17,520,836	8,671,123	2,172,717	3,786,133	549,797	25,250	2,315,616
10 Amounts committed	159,999,497	44,964,169	11,665,534	35,443,459	54,265,555	374,667	13,285,913
Amounts paid	749,836	-	532,464	-	-	217,372	-
Amounts committed	503,714,296	143,001,699	37,465,268	112,294,431	172,100,399	2,608,659	41,284,400
Amounts paid	89,136,624.5	37,287,731.5	10,131,266	17,177,664	10,992,027	1,151,483	12,396,253

in u.s.



in u.s.a.

Amounts committed and payments made for the different special measures at 31 Dec. 1971 by Member States

	Total	Germany	Belgium	France	Italy	Luxembourg	Netherlands	Not utilized
1. Floods, Italy R 206/66	10,000,000 4,419,161				10,000,000 4,419,161			
2. Olives & olive oil sec. Art.11 R 130/66	8,000,000 8,000,000				8,000,000 8,000,000			
3. Fruit & vegetable & olive oil sector Article 11 R 130/66	45,000,000 45,000,000				45,000,000 45,000,000			
4. Enquiries - structure R 10/66	8,000,000 7,307,748	1,622,635 1,622,625	256,602 256,602	2,012,694 2,012,694	3,115,030 3,115,030	11,293 11,893	269,296 269,696	692,252
5. Fruit & vegetable Sec. Art.12 (4) R 159/66	87,299,539 87,299,539				87,299,539 87,299,539			
6. African swine fever R 349/63	3,152,051 3,124,251.5				3,152,051 3,124,251.5			
7. Enquiries into pig population Comm. R 350/63	3,600,000 3,600,000	938,160 938,160	111,570 111,570	1,012,650 1,012,650	1,404,000 1,405,000	20,250 20,250	111,670 111,670	
8. Raw tobacco sector Art.12 (1) R 130/66	15,000,000 15,000,000				15,000,000 15,000,000			
9. Producer organizations R 159/66	1,788,627 1,788,627	1,788,627 1,788,627						
10. Integration of Luxembourg agriculture R 341/70	1,500,000 7,500,000					7,500,000 7,500,000		
11. Slaughter of cows R 975/69	24,773,340 24,773,340	14,255,500 14,255,500	2,065,930 2,065,930	7,216,577 7,216,577		81,983 81,983	1,153,350 1,153,350	
12. Uprooting of trees R 2517/69	336,543 336,543	336,543 336,543						
TOTAL	214,450,100 208,149,229.5	18,941,456 18,941,458	2,424,402 2,424,402	10,223,121 10,223,121	172,790,620 157,382,001.5	7,614,131 7,614,131	1,534,116 1,534,116	692,252

EAGGF Guidance SectionContributions paid by the Member States and bases of calculation

Situation at 1 September 1972

in u.a.

Year	Amount committed	Basis of calculation for the contributions	Amount called forward
1964	9,056,922	9,574,362 <sup>1</sup> - 132,335 <sup>3</sup>	a) 9,574,362 <sup>3</sup> - 132,335 <sup>3</sup>
1965	17,134,258	16,896,494 <sup>2</sup> - 201,876 <sup>3</sup>	a) 16,896,494 <sup>3</sup> - 201,876 <sup>3</sup>
1966	54,586,875	54,307,199 <sup>3</sup> - 47,776 <sup>3</sup>	a) 54,307,199 <sup>3</sup> - 47,776 <sup>3</sup>
1967	80,039,369	80,039,369 <sup>3</sup> - 11,926 <sup>3</sup>	a) 80,039,369 <sup>3</sup> - 11,926 <sup>3</sup>
1968	123,449,426	123,460,628	a) 114,818,183 b) 8,642,445
1969	200,211,787	285,000,000 - reserved credits	b) 191,357,555
1970	201,193,947	285,000,000 - reserved credits	-
1971	112,844,037	427,500,000 - reserved credits	-
	828,513,621		a) 275,241,694 <sup>4</sup> b) 200,000,000 <sup>5</sup>

<sup>1</sup> Amount available according to the one-third rule. The difference between this amount and the amount committed (517,440 u.a.) was committed under the heading of the year 1965.

<sup>2</sup> Amount available according to the one-third rule, 279,676 u.a. of which was committed under the heading of the year 1966.

<sup>3</sup> Amounts paid back to the Member States in respect of aid cancelled.

<sup>4</sup> Amount called forward in the setting of the agreement on the payment of contributions as and when the need arises.

<sup>5</sup> Start-up funds in accordance with the Council resolution of 21 April 1970 concerning the ready cash problems posed by the transition from the reimbursement system to the system of direct financing.