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SEVENTH FINANCIAL REPORT

on the

EUROPEAN AGRICULTURAL GUIDANCE

AND GUARANTEE FUND

YEAR 1977

PART I: GUARANTEE SECTION

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Introductory note

Article 10 of Regulation (EEC) No 729/70 on the financing of the common agricultural policy provides that "before 1 July of each year, the Commission shall submit to the Council and to the European Parliament a financial report on the administration of the Fund during the preceding financial year and, in particular, on the state of its resources and the nature of its expenditure and the conditions under which Community financing has been effected".

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

This report covers the activities of the Guarantee Section of the EAGGF for the 1977 financial year. For practical reasons, this year's report on the EAGGF will be published in two separate parts, one covering the Guarantee Section and the other the Guidance Section.

The Guarantee Section part also covers the financial operation of the Community Food-Aid programme for products coming within the common market organisations.

The Guarantee Section finances expenditure resulting from the common policy on agricultural markets and prices. Under Article 2 and 3 of Regulation (EEC) No 729/70 this comprises refunds on exports to non-member countries whereby Community agricultural products are disposed of on the world market and intervention intended to stabilize agricultural markets.

SUMMARY OF THE SEVENTH FINANCIAL REPORT

Because of the importance of the EAGGF and its multiple activities, for the first time the Seventh Financial Report is divided into two separate parts, one for the Guarantee Section and the other for the Guidance Section.

Part I : Guarantee Section1. Introductory note

It is recalled that the EAGGF Guarantee Section is responsible for financing expenditure in respect of the common policy on agricultural markets and prices, including that resulting from currency fluctuations.

Information on the Guarantee Section has been expanded considerably. The number of annexes has been increased so as to give the fullest details possible on the development, distribution and nature of expenditure by the EAGGF Guarantee Section.

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

This part begins by discussing those amendments to market regulations which had financial implications. In 1977 many such amendments were made, particularly in the milk and milk products sector with the adoption of a series of measures to improve the balance on the market in these products.

The rules relating to Community financing were also the subject of numerous amendments. The most important of these were the Commission proposal of December 1977 on general intervention rules, adopted by the Council in 1978, and numerous amendments or additions concerning specific points. Total provisional expenditure is 6 662.4 million ua and is higher than that for 1976 (5 570 million ua). This increase results mainly from the following:

II

- a) Increase in expenditure in the milk and milk products sector (2 545 million ua in 1977 compared with 2 051.5 million ua in 1976) and the sugar sector (536.6 million ua in 1977 compared with 226.5 million ua in 1976) and for products resulting from the processing of agricultural products (124 million ua in 1977 compared with 67.5 million ua in 1976), brought about by the rise in exports to non-member countries which generally led to a marked increase in refund expenditure (2 496.8 million ua in 1977 compared with 1 666.2 million ua in 1976);
- b) This increase was partially offset by a decrease in expenditure in some sectors, in particular the beef and veal sector (410.8 million ua in 1977 compared with 643.2 million ua in 1976) in expenditure resulting from the accession compensatory amounts (174.9 million ua in 1977 compared with 359.9 million ua in 1976) and in the wine, seeds, hops and pigmeat sectors.

3. Title II : Financial administration

The initial appropriations amounted to 6 167.4 million ua and a supplementary budget brought the total of the appropriations available for 1977 to 7 195.5 million ua. At the end of 1977 533.1 million ua was still available, of which 23.7 million ua were carried forward to 1978 and 509.4 million ua were cancelled. The appropriations available were thus found to be excessive.

As is the case each year, it was necessary to make sizeable transfers of appropriations within the Guarantee Section in order to keep pace with actual payments.

With regard to the cash situation, the financial resources made available to the Member States rose to 7 170 million ua in 1977, thus leaving more cash available at year's end than at the end of the previous year.

4. Title III : Verifications and irregularities

The Commission and its staff concentrated their effort on the systematic checks which are carried out in connection with the preparation of the clearance of the accounts, and on special investigations into specific cases or to ensure that the provisions of the common agricultural policy were being properly applied. Problems specific to the wine sector and the private storage of beef and pigmeat were also the subject of selective checks.

In 1977 the Commission departments and the Member States continued to intensify cooperation in the campaign against irregularities, in particular with a view to ensuring that the communication by Member States of cases which could have immediate repercussions in other Member States was more satisfactory. The term of office of the Special Committee of Inquiry was extended and the work on hand in the wine sector was the subject of a report completed at the end of 1977. Work was also begun in the cereals sector.

In the case of the Guarantee Section the irregularities recorded in 1977 mainly involved monetary compensatory amounts, especially in the beef, wine pigmeat and milk and milk products sectors. The 169 cases communicated represented an amount of 8.5 million ua, of which 1.6 million ua have been recovered so far.

5. Title IV : Clearance and closure of the accounts

In view of the multiplicity, volume and complexity of the types of expenditure financed by the Guarantee Section compared with the number of staff available, clearance of the accounts by the Commission is still subject to considerable delay.

The priority given to work relating to the periods prior to the introduction of the definitive financing system (1.1.1971) enabled the Commission to close the accounts for 1967/68, 1968/69, the second half of 1969 and 1970 on 20 December 1977. It was necessary to make numerous corrections to the accounts and to prepare an ad hoc financial regulation which was adopted by the Council in June 1978.

The 1973 accounts, which were submitted for the nine Member States for the first time, were the subject of intensive checks which did not result in any formal conclusions.

The 1974 and 1975 accounts were checked together in order to reduce the delay in clearing the accounts.

6. Title V : Financing of food aid

The Community system of financing expenditure resulting from the supply of agricultural products as food aid provides that all expenditure be entered in the Food Aid chapter of the budget, except for the portion corresponding to the refund, which continues to be financed by the EAGGF Guarantee Section. The Commission has proposed that these appropriations be combined, but the Council has not accepted the proposal so far.

The monthly advances which were the subject of Commission decisions were up in 1977 (202.3 million ua). This increase was due mainly to the delays in the implementation of the aid programmes involving cereals having been made up. Of this amount, 183.7 million ua were committed in 1977 and charged as payments, mainly for the aid programmes involving cereals (104.5 million ua), milk and milk products (77.4 million ua) and sugar (1.8 million ua). Ninety-one per cent of the appropriations were used compared with 80% in 1976. Unused appropriations amounting to 56.43 million ua were cancelled. The Commission closed the accounts for 1974. However, the rate at which the accounts are cleared is slowing down because of the increase in the number of activities.

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TITLE I

DEVELOPMENTS IN THE COMMUNITY FINANCING OF THE AGRICULTURAL MARKETS AND PRICES POLICY

1. Adjustment of market mechanisms with Financial repercussions

1.1 Alterations in certain sectors

As in previous years, adjustments in some sectors have had financial repercussions, the most significant of which concern cereals, milk products, beef and veal, and wine.

a) Cereals sector

Substantial alterations were made in 1976 to the common organization of the market in cereals; the main feature of the new system is the distinction in respect of common wheat between the qualities which are suitable for breadmaking and those which are not. In 1977 the possibility of buying in wheat of breadmaking quality at the reference price fixed for such wheat was also introduced, which divided the market more clearly between wheat suitable for breadmaking and other wheat.

b) Dairy products sector

The Council approved the programme for the progressive achievement of balance on the milk market (cf. Sixth Financial Report, point 1.1.2.b) on 26 April 1977 and the Commission has adopted detailed rules for its implementation.

The programme first of all covers the introduction by Council Regulation (EEC) No 1079/77¹, of a co-responsibility levy on producers amounting from 1% to 4% of the target price for milk and the adoption of measures to expand the market for milk products. The latter are financed by the receipts from the co-responsibility levy. A system of consultation with trade circles has been established, particularly with a view to implementing these market expansion measures. For 1977/78 the levy is fixed at 1.5% and it

¹ OJ NO L 131, 26 May 1977, p. 6

came into force as from 16 September 1977. As regards financing, this levy and the measures to encourage market expansion fall under the Guarantee Section of the EAGGF, with specific mention of the levy and the measures in the budget nomenclature¹.

Secondly, Regulation (EEC) No 1078/77² has established a system of premiums for the non-marketing of dairy products and the conversion of dairy herds to beef production. Since these premiums have both a market aspect (re-establishment of balance) and a structural aspect (rational development of production), the same Regulation provides that they are to be financed 60% by the Guarantee Section and 40% by the Guidance Section of the EAGGF.

Thirdly, by Regulation (EEC) No 1080/77³, the Council has introduced a Community contribution, for a period of at least five years, to Member States' programmes for providing milk and certain milk products at reduced prices to schoolchildren.

The Community contribution amounts to 50% of the target price for milk and is part of the measures for expanding the market financed by the co-responsibility levy.

At the same time as this programme, in view of the surpluses in the sector, a number of complementary measures were introduced, extended or amplified in order either to increase existing consumption of dairy products or to create new outlets. Mention should be made of the aid for butter consumption (Regulation (EEC) No 880/77⁴) partially financed by the EAGGF and the sale of intervention butter at reduced prices at the end of 1977 ("Christmas butter"). For liquid and powdered skimmed milk the measures were reinforced to increase consumption in animal feed generally and a more marked difference in the level of aid was introduced according to utilization, in order to increase consumption in certain specific areas of animal feeding in particular.

¹The budget presentation was settled in the second supplementary budget

²OJ No L 131, 26 May 1977, p.1

³OJ No L 131, 26 May 1977, p.8

⁴OJ No L 106, 29 April 1977, p.31

This package of measures for restoring balance on the milk market, directed at both production and consumption - some of which will start to take effect only from the end of 1977, which makes it impossible to make any assessment of their financial effect at this stage - and the major efforts made on the export front have effected a slight fall in intervention stocks, although these remain fairly high.

c) Beef and veal sector

In view of the experience gained in this sector following such extreme market situations as the scarcity of 1972 followed by price collapse in 1973, largely caused by continuing large-scale imports for a certain period at the same time as Community production increased, a new import system was set up by Regulation (EEC) No 425/77¹.

This new system should make it possible to avoid any repetition of the import situation in 1973 by using not only world prices but also price trends on the internal market for the purposes of determining the levy to be charged on imports.

Although the situation on this market has improved somewhat as compared with previous years, and this is reflected by reduced expenditure, it was necessary to continue special measures such as the slaughter premium (Regulation (EEC) No 870/77²) and the calving premium (Regulation (EEC) No 871/77²) for the 1977/78 marketing year.

d) Fruit and vegetables sector

In order to facilitate the marketing of certain citrus fruits in the Community a system of aid was introduced by Regulation (EEC) No 1035/77³ to encourage the sale of products processed from lemons harvested within the Community from 1977/78 to 1979/80.

Furthermore, Regulation (EEC) No 1034/77³ has maintained the marketing premium for lemons for the 1977/78 marketing year.

¹ OJ No L 61, 5 March 1977, p.1
² OJ No L 106, 29 April 1977
³ OJ No L 125, 19 May 1977

e) Wine sector

A package of measures was adopted on 19 July to improve the provisions of the common organization of the market in wine (Regulations (EEC) Nos 1675 to 1679/77¹). This new system includes: additions and amendments to the basic Regulation, new provisions on authorized oenological practices and alterations to the maximum total sulphur dioxide levels in wines other than liqueur wines.

The amendments to the basic Regulation (Regulation (EEC) No 1677/77) include a redefinition of the system of private storage for grape must and concentrated grape must, and the conditions for triggering preventive distillation and the distillation of wines suitable for producing certain wine spirits with registered designation of origin.

Furthermore, in order to move the surplus wine on the market, the guarantees introduced in 1976, which provides for the possibility of distillation after prolonged private storage of wine, was brought into force on 12 September 1977 by Regulation (EEC) No 2027/77 of 12 September 1977².

f) Raw tobacco sector

In this sector, particularly with regard to tobacco of the Beneventano variety, in spite of a very cautious price policy and an increase in the premium for first-stage processing, there have been serious marketing difficulties in the last few years which have led to intervention buying of substantial quantities exceeding those laid down for triggering special measures (Article 13 of the basic Regulation (EEC) No 727/70³) designed to restore a certain balance between production and demand. The Council accordingly adopted Regulation (EEC) No 339/77⁴ which provides, in respect of the variety in question, for a reduction in the quantities which can be sold to intervention and, at the same time, for special aid per hectare to planters who convert to other varieties and who undertake not to replant Beneventano for a period of five years.

1 OJ No L 187, 27 July 1977
2 OJ No L 235, 14 September 1977, p.6
3 OJ No L 94, 28 April 1970, p.1
4 OJ No L 48, 19 February 1977, p.4

g) All sectors

In view of the growing problems posed by the storage and marketing outside its territory of products purchased by a Member State's intervention agency, the Community has introduced rules on the subject. Regulation (EEC) No 1055/77¹ was adopted on 17 May 1977. It provides for prior Community authorization for storage in a Member State (or possibly a non-member country) other than that where the intervention measures were taken and for exemption from customs duty and other amounts provided for under the common agricultural policy for such consignments at the frontier.

The transport costs resulting from such authorised storage borne by the intervention agency will be financed by the EAGGF.

1.2 New common organisations of markets

No new common organisation of the Market involving financial consequences was set up in 1977. It should be noted, however, that there are proposals before the Council in respect of three sectors, namely, sheepmeat, potatoes, and ethyl alcohol. Furthermore, in connection with the price proposals for the 1978/1979 marketing year, the Commission put forward, in December 1977, special measures for peas and beans used for animal fodder. These measures were adopted by the Council in May 1978 and are contained in Regulation (EEC) 1119/78².

1.3 Agricultural prices

a) On 26 April 1977 the Council, within an overall agreement covering agri-monetary questions as well as the market organizations proper took decisions on prices for the 1977/78 marketing year. The average increase in common prices decided on was around 3.9%, whereas that proposed by the Commission was about 3%.

As regards agri-monetary matters, adjustment of the representative rates made possible some reduction of monetary compensatory amounts. These were reduced for Germany, Ireland, France, Italy and the United Kingdom but remained unchanged for Benelux.

¹ OJ No L 128, 24 May 1977, p.1
² OJ No L 142, 30 May 1978, p.8

Matters related to the annual price review were also adopted, particularly in the cereals (cf.1.1.a), milk (cf.1.1.b) and fruit and vegetables sectors maintenance of the marketing premium for citrus fruits.

Such decisions are taken after the adoption of the budget for the year in progress and have an appreciable effect upon it, particularly from the start of the marketing years for the various agricultural sectors.

The financial effect of this overall agreement on the 1977 budget amounts to some 270 M ua. This expenditure results less from the increase in prices than from the adoption of related measures, particularly in the milk products sector.

- b) In December 1977 the Commission put forward its proposals on prices for 1978/79, which also included related measures and measures to improve the organization of markets in Mediterranean produce. The main points of these proposals were adopted by the Council in May 1978.

2. Additions to the Regulations governing the EAGGF Guarantee Section

2.1 Council Regulations

2.1.1 Definition of the general rules for intervention

- a) The Annex to Regulation (EEC) No 2824/72¹ laying down general rules for the financing of intervention by the EAGGF, which lists the intervention measures to be financed, had been brought up to date near the end of 1976 (Regulation (EEC) No 2917/76²). Towards the end of 1977 the Commission proposed another updating, adopted as Regulation (EEC) No 299/78³.

- b) With regard to the general rules to be laid down for intervention operations consisting of buying-in, storage and sale, the same Regulation (EEC) No 2824/72, as amended on 25 March 1976 by Regulation (EEC) No 709/76⁴ provides for the continuation until

¹ OJ No L 298, 31 December 1972, p.5
² OJ No L 333, 2 December 1976, p.1
³ OJ No L 45, 16 February 1978, p.3
⁴ OJ No L 84, 31 March 1976, p.5

the end of 1977 of the transitional financial rules by sector, some of which date from before 1970. These financial rules provide for some standardization in financing these intervention operations, namely:

- financing at flat-rate amounts of expenditure incurred by intervention agencies for physical operations such as movement into and out of silo and storage;
- financing at a uniform interest rate (8% at present) of the cost of tying up the sums necessary for the purchase of agricultural produce.

As these provisions were only temporary, the Commission was bound to respect its undertaking to put forward a proposal so that a new stage could be reached as from 1 January 1978.

This is why, on 31 December 1977, the Commission put before the Council and the European Parliament a proposal for a Regulation laying down general rules for financing this intervention by the Guarantee Section¹. This proposal was adopted by the Council on 2 August 1978 (Regulation (EEC) No 1883/78²) and has led to the changes in the following:

- from the entry into intervention, the financial consequences of any loss in quality resulting from storage, will be borne by the EAGGF
- the book value of intervention stocks carried forward at the end of the financial year will be adjusted according to the level of the purchasing price
- such stocks brought forward may be valued at a lower rate than that calculated by reference to the purchase price in such cases where either governing price when the goods come out of intervention, is substantially lower than the purchase price or there are budgeting appropriations still available at the end of the financial year.

¹ OJ No C 21, 26 January 1978, p.6
² OJ No L 216, 5 August 1978, p.1

2.1.2 Extension or adjustment of Community financing

- a) In order to facilitate the supply of agricultural produce to Italy, the Council decided in 1977, as in 1973 and 1976, by means of Regulations, to transfer 500.000 tonnes of common wheat held by the German intervention agency and 20.000 tonnes of skimmed milk powder held by other Member States' intervention agencies.

In financial terms, the solution consists of transfer at "zero" prices, whereby the intervention agency transferring the goods enters the consignment as a gift; the agency receiving the goods, on the other hand, registers them for the EAGGF account either at the intervention price, if the product is still in stock on 31 December, or at the selling price. The value of the produce calculated by reference to the intervention price in respect of which transfer at "zero" price was decided in 1977 and in respect of which a "transfer" of receipts from sales from intervention will be necessary in due course is of the order of 85 MUA of which 67 MUA relates to goods coming from the German intervention agency, and 9 MUA each to goods from the French and Luxembourg intervention agencies.

- b) On 8 March 1977, Regulation (EEC) No 496/77¹ was adopted; it amends Regulations (EEC) No 787/69, 2305/70 and 2306/70 on the financing of intervention expenditure on the internal markets in, respectively, cereals and rice, beef and veal and milk and milk products. This Regulation is intended to supplement the existing ones so that, in individual cases where agricultural produce in intervention is transferred from the intervention agency of one Member State to that of another Member State, the transport costs incurred by these agencies are entered in their accounts and thus financed by the Guarantee Section of the EAGGF under the arrangements for financing the net losses of intervention agencies.

¹ OJ L 66, 12 March 1977, p.3

- c) Also on 8 March, Regulation (EEC) No 565/77¹ was adopted, amending Regulation (EEC) No 2305/70 on the financing of intervention expenditure in respect of the domestic market in beef and veal. This is intended to harmonise the financial rules in this sector with those already existing in other sectors and means that expenditure on the transport of products necessarily incurred after they are accepted by intervention agencies is financed by the Guarantee Section of the EAGGF, on the basis of a Commission authorization.
- d) Regulation (EEC) No 1386/77², amending the basic Regulation (EEC) No 2727/75³ in respect of cereals, extended financing by the EAGGF Guarantee Section for this sector to the French Overseas Departments. It should be noted that the Community provisions on agriculture apply in these Departments and yet the provisions on financing the common agricultural policy apply there only after a decision on the subject by the Council after Parliament has been consulted. In general, such a decision is taken when the sector in question is of some importance for the economy of these Departments, which was the case in the past for sugar, raw tobacco and pineapples. In view of the increase in milling capacity, it became necessary to take such a decision for the cereals sector also.

2.1.3 Arrangements for allocating the "dual rate effect"

For the 1977 financial year, the European Communities' budget provides for separate allocation of the financial effects of using different conversion rates for measures financed by the Guarantee Section of the EAGGF. The rates in question are, on the one hand, the representative rates used for the conversion into national currencies of amounts resulting from operations financed by the Guarantee Section and, on the other, the budgetary rates³ to be used when converting expenditure expressed in national currencies for the purpose of charging it against the Community budget. This effect, called the "dual rate effect", is not strictly speaking agricultural expenditure and is accordingly, from 1 January 1977, entered separately from market expenditure.

With regard to entry in the accounts, the general rule provides that the paying agencies declare their expenditure in national currency

¹ OJ No L 158, 29 June 1977, p.1

² OJ No L 281, 1 November 1975, p.1

³ For 1977 these conversions were made at the International Monetary Fund (IMF) rates

to the EAGGF in accordance with the budgetary nomenclature. Since this is really a breakdown in accordance with budget headings within the same budget, without overall financial effect, the Council decided (Regulation (EEC) No 474/77¹) that this separate allocation should be carried out by a method to be drawn up by the Commission. This method was defined in Regulation (EEC) No 679/77².

2.2 Commission implementation procedures

The following changes have been made to the detailed rules for financing intervention expenditure on the internal market:

- a) AS a result of Regulation (EEC) No 3180/76³ adopted by the Council on 21 December 1976 and intended to harmonize, for all the sectors concerned (oils and fats, cereals, rice, pigmeat, beef and veal, milk products and tobacco), the method of calculating interest on funds immobilized by intervention agencies for buying in products for storage, the standard amount for warehousing costs is henceforth separated from the part covering the interest charges mentioned above.

As a result of this harmonization, the Commission adopted on 7 March:

- Regulation (EEC) No 467/77⁴ on the method and the rate of interest to be used for calculating the costs of financing intervention measures comprising the buying in, storage and disposal of agricultural produce;
- a decision altering the standard amounts for calculating warehousing costs.

- b) On 31 October 1977, the Commission adapted the standard amounts for the storage and processing of agricultural products bought in for intervention as fixed by the Commission Decision of 15 September 1976. This adjustment was made with effect from 1 January 1977, to take account of changes in the costs incurred by intervention agencies.

3. Expenditure in 1977

3.1 General

It should be recalled (cf. Sixth Financial Report, p.7) that expenditure

¹ OJ No L 64, 10 March 1977, p.2
² OJ No L 84, 1 April 1977, p.45
³ OJ No L 359, 30 December 1976, p.11
⁴ OJ No L 62, 8 March 1977, p.9

by the Guarantee Section is unpredictable on account of agricultural factors (production, internal and world prices) which inevitably involve a divergence between actual expenditure and the assumptions made when drawing up the 1977 budget. Moreover, certain non-agricultural factors tend to aggravate the uncertainty, namely:

- a) developments in the monetary situations which lead to substantial expenditure occasioned by Monetary Compensatory Amounts and the dual conversion rate (cf. 3.2.C and D);
- b) variations in the time lapse between the carrying out a transaction and payment being made in respect thereof by the paying agencies can result in increase or reduction of expenditure from one year to the next. This time lapse is about one to two months but it becomes much more substantial in Italy particularly as regards payments of aid for the production of olive oil, the calving premium and the aid for durum wheat. For the latter since the new regulations have replaced the aid calculated with reference to the area under cultivation delays in making payments have been substantially reduced. For these three sectors together the sum as yet unpaid appears to be of the order of 700 - 800 M ua.

The Commission had announced when putting forward its price proposals and related measures in February 1977 that a supplementary budget would be necessary. The necessary supplementary appropriations were then estimated at 476 M ua, of which 354 M ua was to cover developments in the monetary situation, including the effect of the dual rate, 39 M ua on account of developments in the agricultural situation and 83 M ua on account of the price proposals and related measures.

These figures have had to be revised upwards following the price decisions taken at the end of April 1977. On 7 July 1977 the Budgetary Authority adopted the first supplementary and amending budget, providing for supplementary appropriations of 714.4 M ua including 399 M ua for developments in the monetary situation, 44.9 M ua for developments in the agricultural situation, 41.9 M ua as a result of setting new prices and 228.6 M ua for related measures.

The first supplementary budget also provided for a transfer, following partial application of the co-responsibility levy, of 219.8 M ua from appropriations reserved in Chapter 100 (cf. 3.2.A.b). The appropriations for Titles 6 and 7 (EAGGF Guarantee Section) were increased by 219.8 M ua from 714.4 M ua to 934.2 M ua accordingly. Taking into account the non-automatic carry forward of 92.4 M ua and a transfer of 1.5 M ua for denaturing sugar intended for agriculture (see part 3.2.A.d), appropriations available amounted to 7 195.5 M ua.

As shown in Table 1, expenditure in respect of the financial year 1977 finally amounted to 6 662.4 M ua. The difference of 533 M ua between appropriations available and payments is explained, in spite of supplementary expenditure in the sugar sector, the dairy products sector, and in respect of products outside Annex II, and above all by economies (cf. 3.2.A) in

- the cereals sector (available appropriations: 634.5 M ua - expenditure: 586 M ua)
- the oils and fats sector (available appropriations: 356.6 M ua - expenditure: 305 M ua)
- the beef or veal sector (available appropriations: 495.4 M ua - expenditure: 410.8 M ua)

So far as agri-monetary expenditure is concerned

- expenditure on MCAs remained below the forecast level for the first supplementary and amending budget (available appropriations - 970 M ua - expenditure: 849.9 M ua) largely as a result of the strengthening of the pound sterling in the course of the latter part of 1977.
- the so called "dual rate" expenditure also remained below the forecast levels in the first supplementary and amending budget (available appropriations: 603.5 M ua - expenditure: 509.5 M ua) as a result of the decrease in other expenditure as well as the delay in payment of the aid for the production of olive oil, and the calving premium, where this expenditure has a particularly noticeable effect.

3.2 Comparison between initial 1977 appropriations and payments

The No 1 table compares initial budget appropriations with actual expenditure by the end of the financial year, after adjustment of the appropriations available by the first supplementary and amending budget, drawn up on 7 July, appropriations brought forward from 1976 and transfers of appropriations. For comparison, payments in 1976 are also shown.

A. The agricultural sectors

A detailed examination of the different sectors leads to the following observations:

a) Cereals

Overall expenditure was 172 M ua less than the initial appropriations. Since the harvest was below that forecast, and thanks to a careful export refund policy, refund expenditure was 132 M ua lower. The level of the harvest and the progressive introduction of the new price system in this sector (see 1.2.a) have had a favourable effect on intervention buying and accordingly on intervention expenditure (40 M ua less than initial appropriations). It should be noted that this fairly substantial discrepancy is partly caused by certain financial effects (paper profit on the dual rate) resulting from transfers at zero prices between intervention agencies. Reducing the time lag in payment for durum wheat meant that expenditure exceeded the initial appropriations.

b) In the dairy sector, expenditure amounted to 2545 M ua. The initial estimates were 2219.8 M ua; but in view of the introduction of the co-responsibility levy the appropriations in Chapter 62 were limited to 2000 M ua the difference of 219 M ua being entered under chapter 100 as provisional appropriations.

The co-responsibility levy being applied only from 16 September 1977 the receipts taken into account amount only to 22 M ua. Thus it was necessary to transfer the amount of 219.8 M ua from Chapter 100 to the various budgetary lines in the dairy produce sector.

TABLE I
COMPARISON BETWEEN THE INITIAL 1977 BUDGET AND EXPENDITURE

M u.a. (1)

Sector	Initial appropriations 1977	Expenditure in 1977					Differences between appro. & expend. 1977		Expenditure 1976	
		Total	%	Refunds	of which		M u.a.	%	Total	%
					1st cat. interven(2)	2nd cat. interven.(3)				
a	b	c	d	e	f	g	h	i	j	k
Cereals										
- excluding durum wheat	621,-	416,5	6,3	325,6	69,7	21,1	- 204,5	+ 32,9	495,5	8,9
- durum wheat	138,-	170,1	2,6	-	170,1	-	+ 32,1	+ 23,3	114,4	2,1
Rice	29,-	13,9	-	13,7	0,2	-	- 15,1	- 52,1	26,9	0,5
Milk/Dairy products	2.000,-	2.545,0	38,2	1.237,0	871,4	436,6	+ 545,0	+ 27,3	2.051,5	36,8
Oils and fats										
- olive oil	290,-	221,6	3,3	-	212,4	9,2	- 68,4	- 23,6	212,6	3,9
- oilseeds (4)	118,5	83,4	1,3	1,0	82,4	-	- 35,1	- 29,6	96,1	1,7
Sugar	320,-	536,7	8,1	363,3	171,8	1,6	+ 216,7	+ 67,7	226,5	4,0
Beef and veal	609,-	410,8	6,2	114,2	118,9	177,8	- 198,2	- 32,5	643,2	11,5
Pigmeat	80,-	31,9	-	24,9	7,0	-	- 48,1	- 60,1	28,0	0,5
Eggs/poultrymeat	25,-	22,3	-	22,3	-	-	- 2,7	- 10,8	13,1	0,2
Fruit/vegetables	126,5	186,2	2,8	52,0	134,2	-	+ 59,7	+ 47,2	244,4	4,4
Wine	124,-	90,9	1,4	1,1	89,8	-	- 33,1	- 26,7	172,9	3,1
Tobacco	206,4	205,3	3,1	4,5	193,7	7,1	- 1,1	- 0,5	229,9	4,1
Fishery products	10,-	7,9	-	3,3	4,6	-	- 2,1	- 21,0	10,5	0,2
Flax and hemp	13,5	13,8	-	-	13,8	-	+ 0,3	+ 2,2	19,3	0,3
Seeds	20,-	16,1	-	-	16,1	-	- 3,9	- 19,5	22,7	0,4
Hops	8,-	8,2	1,7	-	8,2	-	+ 0,2	+ 2,5	14,5	0,3
Silkworms	1,2	0,3	-	-	0,3	-	- 0,9	- 75,-	0,6	-
Dehydrated fodder	15,3	12,9	-	-	12,9	-	- 2,4	- 15,7	15,2	0,3
Non-Annex II products	48,-	124,1	1,9	124,1	-	-	+ 76,1	+ 158,5	67,5	1,2
Compensatory 1) Accession	250,-	174,9	2,6	-	174,9	-	- 75,1	- 30,0	359,9	6,5
Amounts 2) Monetary	582,-	859,9	12,9	209,8 (5)	650,1	-	+ 277,9	+ 47,7	504,8	9,1
Effect of Dual Rate	532,-	509,5	7,6	-	509,5	-	- 22,5	- 4,2	-	-
Total	6.167,4	6.662,4		2.496,8	3.512,1	653,4	+ 495,-	+ 8,-	5.570,0	
%			100							100

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

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

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

(4) Including production aid for soya

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

Furthermore, in view of the transfer of appropriations for which provision had been made in the original budget it may be considered, that in this sector the amount by which the expenditure exceeded initial appropriations was 325.2 M ua (2545 M ua - 2219.8 M ua).

So far as exports are concerned, the rise in quantities exported which resulted from the improved market in third countries and the fall in prices on the world market itself caused the initial appropriations for export refunds in the dairy sector to be exceeded by 442 M ua.

With regard to the disposal of skimmed milk, it should be noted that expenditure on aid for skimmed milk powder intended for animal feed exceeded the initial appropriations by 119 M ua. Expenditure on the disposal of milk for animal feed in liquid form exceeded the initial appropriations by 48 M ua, thus reflecting the effort made to avoid the expense of processing skimmed milk into powder. Expenditure on public storage and special disposal measures remained 84 M ua below the initial appropriations. During 1977, thanks to the efforts made as regards disposal, intervention stocks were slightly reduced and less use than anticipated was made of the very expensive special disposal measures.

Expenditure on intervention for butter remained at the level of the initial appropriations, including the special sale of "Christmas butter" at the end of 1977, (cf. point 1.2.b) which involved expenditure of some 50 M ua.

As for the other measures in this sector, mention should be made of the start of the non-marketing premium system. In 1977, this involved expenditure by the Guarantee Section of the EAGGF of 6 M ua representing 60% of the sum of the premiums granted in 1977.

- c) With respect to oils and fats, the delay in payments for olive oil continued in 1977 to the extent that payments were some 57 M ua below the initial appropriations. Fairly high prices on the world

market for oilseeds also made it possible to reduce production aid, which means that the intervention appropriations were under-used by some 34 M ua.

- d) In the sugar sector the surplus grew in 1977 as a result of an increase in Community production. Accordingly it has become necessary to increase exports to third countries. As world prices were fairly low, surpluses could be disposed of on the world market only with quite high refunds. Expenditure on this sector accordingly exceeded by 217 M ua the initial appropriations, including 201 M ua in respect of export refunds.
- e) In the beef and veal sector, expenditure in 1977 (410.8 M ua) was considerably less than in 1976 (643.2 M ua) and 198 M ua lower than the appropriations provided for, thanks to an improvement in the market and a reduction in expenditure on public and private storage. Moreover, the payments lag in respect of the calving premium, was not reduced as had been anticipated when the the appropriations were drawn up.
- f) In the pigmeat sector, owing to the favourable state of the market during 1977, expenditure on export refunds was half the initial appropriations; expenditure on private storage aid was 23 M ua below the initial appropriations.
- g) In the fruit and vegetables sector, largely through massive withdrawals of oranges from the market, expenditure was 60 M ua higher than the initial appropriations.

In the wine sector, on the other hand, it should be noted that the expenditure, at 91 M ua, was substantially below that recorded in previous years and even 33 M ua below the initial appropriations. This is the result of a fairly low harvest.

It should, finally, be pointed out that expenditure on refunds for certain goods obtained by processing agricultural products exceeded the initial appropriations by 76 M ua. Since these refunds were

calculated on the basic products (cereals, milk products, sugar) contained in the processed products, they had to be increased by reference to the world prices and refunds for these basic products.

B. Accession compensatory amounts

These have fallen substantially compared with 1976 (175 M ua in 1977 against 360 M ua in 1976), largely as a result of a fall in imports particularly of cereals and butter by the United Kingdom. In accordance with Article 55 of the Act of Accession these amounts will no longer be applied after 1 January 1978, since they were intended to compensate, in trade in agricultural products by the United Kingdom, Denmark and Ireland, for the difference between common prices and the price actually applied in the new Member States of each stage of the transitional period, which ended on 31 December 1977.

C. Monetary compensatory amounts (MCAs)

The difference between the appropriations provided for in the budget (582 M ua) and expenditure (860 M ua) is mainly accounted for by the fact that the assumptions made when drawing up the budget in September 1976, and particularly the level of MCAs for the various currencies, differed from what actually happened during 1977. In particular, the downward movement of the pound sterling since September 1976 was not followed by a change in the representative rate until the beginning of 1978, which resulted in MCA rates of up to 40%. As to the lira, although an adjustment in its representative rate was made at the time of the price decisions, its movement since September 1976 has resulted in MCA levels which substantially exceed the budget assumptions. On the other hand, the representative rate for the Danish krone was changed, thus avoiding the introduction of MCAs for this currency. The MCA rates applied for the French franc also substantially exceeded budget assumptions. However, since France is a net exporter the MCAs charged on export exceeded those granted on import, which made it possible to limit overall expenditure on MCAs to 860 M ua.

TABLE 2

MCA levels applied in trade

Currency	Rates used for drawing up the 1977 budget (September 1976)		Rates recorded in 1977	
	Year	Year	Minima	Maxima
	1976/77	1977/78		
DM	+ 7.5	+ 3.7	+ 7.5	+ 9.3
BFR/LFR	+ 1.4	0	+ 1.4	+ 1.4
HFL	+ 1.4	0	+ 1.4	+ 1.4
FF	- 9.6	- 4.8	- 13.2	- 19.4
LIT	- 10.0	- 10.0	- 13.1	- 22.5
UKL	- 25.8	- 16.1	- 28.9	- 38.5
IRL	- 21.5	- 16.1	- 1.9	- 23.5

D. The effect of the dual conversion rate

Alignment of the representative rates (used for conversion into national currencies of the agricultural monetary amounts expressed in ua) on actual market rates increases the difference between representative rates and the IMF budgetary rates (used when charging expenditure in national currencies against the budget expressed in ua). The financial effect of this difference (usually known as the effect of the dual conversion rate) is consequently increased. This effect, which until 1976 was not charged as a separate item but was distributed among the different budget headings, involved expenditure of some 400 M ua in 1976.

As from 1977, the budget has provided for the effect to be charged separately. An overall method was used, as indicated in 2.1.3. In 1977 the effect of the dual rate, calculated by this overall method, reached 509 M ua, close to the 532 M ua provided for as initial appropriations.

It should be noted that the effect of the dual rate has been reduced by the transfers of agricultural produce to the Italian intervention agency under the "zero price" system (cf. 2.1.2). Charging the receipts in lira from resale, or valuation as at 31 December, to the budget at the IMF rate has involved an economy on the dual rate of some 50 M ua for transfers decided on in 1977.

As in 1976, for certain expenditure in 1977, particularly that connected with MCAs the effect of the dual conversion rate was heavily circumscribed by payment of the MCAs being made by the exporting Member State, whose currency did not give rise to this effect, instead of the importing Member State, which would otherwise have paid. Without this system, the overall effect of the dual rate would have exceeded 900 M ua.

This system, of course, alters the breakdown of expenditure between Member States. In order to make them agree with the expenditure actually incurred by the Member States, the tables in this report which give a breakdown of expenditure by Member State have not been corrected for the effect of this system. The attached table therefore provides the corrections to the expenditure breakdown by Member State resulting from the application of this system.

TABLE 3

Corrections to be made in the breakdown of expenditure by Member State as a result of the system whereby the exporting Member State pays the MCAs for the importing Member State. (Regulation 974/71, Article 2a)

M ua

: Member State	: Uncorrected : breakdown of : expenditure	: Corrections	: Corrected : breakdown of : expenditure
: Belgium	: 418.7	: - 40.9	: 377.8
: Denmark	: 624.8	: - 196.8	: 428.0
: Germany	: 1 245.9	: - 133.3	: 1 112.6
: France	: 1 572.4	: - 262.1	: 1 310.3
: Ireland	: 588.1	: - 188.0	: 400.1
: Italy	: 965.8	: + 315.4	: 1 281.2
: Luxembourg	: 8.1	: - 0.1	: 8.0
: Netherlands	: 887.3	: - 163.4	: 723.9
: United Kingdom	: 351.4	: + 669.3	: 1 020.7
: Total EEC	: 6 662.4	: 0	: 6 662.4

3.3 Breakdown of expenditure by economic category

The table in Annex G VIII shows the following:

- a) Expenditure on refunds continued to grow in 1977 compared with 1975 and 1976. The share of this expenditure in all expenditure on

agricultural markets rose from 31.3% in 1976 to 44.7% in 1977. This substantial increase is due to the continuing fall in world prices and to the effort that the Community has made to increase exports of surplus products (milk products and sugar).

- b) Intervention expenditure for market support fell appreciably to represent 55.3% of expenditure on markets in place of 68.6%. The most significant category, compensatory price measures, accounts for 33% of this expenditure. Expenditure on market withdrawals, which had reached an exceptionally high level in 1976 as a result of the large quantities of fruit and vegetables and wine produced, fell from 6.4% in 1976 to 3.3% in 1977.

With regard to second-category intervention expenditure, covering the buying-in, storage and disposal of products by intervention agencies, Annex G IX (columns 4 to 6) breaks this down into:

- technical expenses involved in movement into and out of warehouse, storage and any packaging or processing;
 - expenditure on financing at a uniform interest rate (8%) the cost of tying up the sums necessary for buying in agricultural produce; these sums are estimated at some 2.300 M ua at the end of 1977; the details by sector are given in Annex G X;
 - expenditure resulting from the difference between the cost of purchase on entry into warehouse and the receipts obtained from the sale of the products in storage. In some sectors (milk and beef) the difference between the purchase and selling prices is quite high as a result of special measures to dispose of intervention stocks, in particular those designed to increase consumption of certain products.
- c) Expenditure resulting from the monetary situation, particularly that on monetary compensatory amounts, increased from 504.7 M ua in 1976 to 849.9 M ua in 1977 and now represents 12.9% of total expenditure by the Guarantee Section.

If account is also taken of expenditure on the application of different exchange rates (dual rate), which amounted to 509 M ua for 1977, the total of this expenditure rises to 1.369.4 M ua, or 20.6% of the total expenditure of the Guarantee Section.

3.4 Agricultural levies

Agricultural levies, and the levy on sugar production are part of the Communities own resources. The following table, given for information in view of the close economic connection between such resources and certain expenditure of the EAGGF - Guarantee Section, shows that receipts from import levies, and production levies in the sugar sector in 1977 have grown compared with previous years.

Table 4: Levies under the common agricultural policy

M ua

: Nature of : agricultural : levy	: 1972	: 1973	: 1974	: 1975	: 1976	: 1977 ¹
: Import Levy	: 618	: 411	: 255	: 510	: 1 035	: 1 972
: Sugar production Levy	: 181	: 98	: 75	: 80	: 128	: 318
: Total	: 799	: 509	: 330	: 590	: 1 163	: 2 290 ¹

The substantial growth in receipts in 1977 is caused mainly by the general lowering of world agricultural prices while Community prices rose on average by 3.9% for 1977/78 (cf. 1.1.3) and by the increase in the monetary compensatory amounts charged.

¹ The Financial Regulation of 21 December 1977 requires the levies from November and December 1977 to be entered as receipts for the financial year 1978. Nevertheless, to make comparison with other financial reports possible, the data given here cover the twelve months of the year. The conversion into ua of the amounts paid in national currencies has been made on the basis of the IMF parities, including the figures for November and December 1977. If this conversion had been carried out for 1977 on the basis of the rate for the EUA on 30 December 1977, the figure of 2.290 M ua would correspond to 2.110 M EUA.

3.5 Comparison of the overall cost of the Guarantee Section with the Community's gross domestic product at market prices (GDP)

As a result of the exceptional increase in agricultural levies, the net expenditure of the Guarantee Section was lower in 1977 than in 1976. As the Community's GDP at market prices also rose steadily, the percentage represented by this expenditure showed a clear fall in spite of the increase in MCAs (cf. Annex G XII).

TITLE II

FINANCIAL ADMINISTRATION

In the 1977 financial year, initial appropriations under Titles 6 and 7 of the budget (6.167.4 M ua) proved to be well short of requirements.

Further appropriations were made available by a supplementary budget (934.2 M ua) and by a transfer from Chapter 100 (1.5 M ua).

Taking account of non-automatic carry-over from the financial year 1976 (92.4 M ua) the total available appropriations amounted to 7.195.5 M ua.

At the end of the financial year practically all these appropriations had been placed at the disposal of the Member States (7.171.2 M ua).

A special feature of the 1977 budget, and therefore of the accounting data given in this report, is the fact that the ua mentioned in each of the budget items are the ua used by operators under the common agricultural policy¹, whereas the totals of Titles 6 and 7 and those of the Member States are expressed in IMF ua, the difference being entered under Article 79D (expenditure resulting from the application of different exchange rates).

4. Cash position

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

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

¹ Obtained by applying the coefficients fixed by Commission Regulation (EEC) No 679/77 (OJ No L 84, 1 April 1977) to expenditure in national currencies.

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

The Member States allocate the funds received between the paying departments and inform the Commission thereof by telex each week.

4.1 Advances to Member States (Annex G V)

In accordance with Articles 4 and 5 of Regulation (EEC) No 729/70 and Regulation (EEC) No 2697/70 the Commission decided on fifteen advances, two of which were special advances, in respect of the 1977 financial year. The special advances were made necessary as expenditure during June and August had been under estimated.

Regulation (EEC) No 1078/77 laid down, in respect of expenditure on non-marketing premiums for milk and premiums for the conversion of dairy herds, that 60% should be financed by the Guarantee Section and 40% by the Guidance Section.

This part of the report deals only with the share of expenditure charged to the Guarantee Section.

4.2 Funds available in the Member States during the financial year

Apart from the balance of 137.9 M ua¹ on 1 January, the Member States had at their disposal during the 1977 financial year advances totalling 7.033.3 M ua.

Total funds available were 7.171.2 M ua, of which 6.662.4 M ua were used, leaving a balance of 508.8 M ua on 31 December 1977¹.

4.3 Percentage utilization of funds available

A comparison of expenditure in the 1977 financial year with the funds available to Member States for that year shows that 92.9% of the funds made available were used (Table 5, column h).

¹ See Table 5 and explanatory note thereto.

TABLE 5

FUNDS AVAILABLE TO AND EXPENDITURE BY MEMBER STATES IN 1977

In M ua

Member State	Funds available on 1 Jan. 1977	Corrections	Corrected funds available on 1 Jan. 1977	Advances for the 1977 financial year (An.G I)	Total available for 1977 financial year	Expenditure between 1 Jan 1977 & 31.12.77	Available on 31 Dec 1977	Utilization of advances %
	(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c)+(d)	(f)	(g) = (e)-(f)	(h) = f/e.100
BELGIUM	0.2	(1) - 0.1	0.1	426.1	426.2	418.6	7.6	98.2
DENMARK	0.5	(1) + 0.1	0.6	630.3	630.9	624.8	6.1	99.-
GERMANY	0.1	(1) - 0.1	p.m.	1 274.6	1 274.6	1 245.9	28.7	97.7
FRANCE	0.5	-	0.5	1 701.-	1 701.5	1 572.4	129.1	92.4
IRELAND	0.7	-	0.7	586.-	586.7	588.1	- 1.4	100.2
ITALY	99.8	(2) +31.7	131.5	1 126.-	1 257.5	965.8	291.7	76.8
LUXEMBOURG	0.1	-	0.1	8.5	8.6	8.1	0.5	94.2
NETHERLANDS	0.2	-	0.2	910.8	911.-	997.3	23.7	97.4
UNITED KINGDOM	0.4	(1) + 0.1	4.2	370.-	374.2	351.4	22.8	93.9
TOTAL	106.2	+31.7	137.9	7 033.3	7 171.2	6 662.4	(3)508.8	92.9

(1) Changes caused by rounding off

(2) Reduction of AIMA category 1 expenditure in 1976

(3) This balance will be changed following corrections to be made to declared expenditure, particularly by Italy (AIMA)

TABLE 6

AVERAGE RATE OF USE OF COMMUNITY FUNDS

IN THE 1977 FINANCIAL YEAR

M ua

MEMBER STATE	Mean level of Community funds available in the Member States for one month's expenditure (see Annex G VI, line C)	Mean balance available after one month's expenditure (see Annex G VI, line E)	Mean percentage utilization
	(a)	(b)	(c) = $\frac{(a) - (b)}{(a)} \cdot 100$
BELGIUM	39.-	4.1	89 %
DENMARK	54.1	2.1	96 %
GERMANY	127.6	23.8	81 %
FRANCE	200.4	69.4	65 %
IRELAND	48.9	- 0.1	100 %
ITALY	265.2	184.7	30 %
LUXEMBOURG	1.17	0.50	57 %
NETHERLANDS	84.1	10.1	88 %
UNITED KINGDOM	41.5	12.2	71 %
EEC	862.-	306.8	64 %

A comparison of the funds available each month in the Member States with funds remaining after payment of expenditure (Table 6) shows an average utilization of some 64%.

An analysis of the mean rate of utilisation of funds reveals anomalies that are in the cases of Luxembourg and the United Kingdom apparent, but very real in the cases of France, and above all, Italy.

In Luxembourg there were exceptionally high balances at the end of the months of June, July and August as a result of the transfer of 12000 t of butter, which began on 23 May and was not completed until August - September.

The rate for the United Kingdom has been substantially influenced during March, November and December by the receipt of Monetary Compensatory Amounts at a level very much higher than that foreseen.

So far as France is concerned, the advances requested substantially exceeded the requirements at the beginning and end of the year.

As regards Italy, the rate of utilization is not wholly satisfactory; it results largely from the system used for the administration of funds made available to that country. Although the situation had improved in 1975 and 1976, it got very much worse in 1977. Even though the financial benefits which resulted from transfers of produce in intervention has themselves helped to reduce the mean rate of utilization an analysis of the situation shows that during the first eleven months of the year Italy had at its disposal a very substantial working capital, sufficient to cover expenditure for upwards of fifty days. Accumulated delays in the payment of claims (amounting to about 500 M ua) and certain administrative and financial practices have together created this situation. The Commission has stressed the need to reduce such delays but does not wish later on to reduce the amount of advances which have been requested, in order not to put any obstacle in the way of improving the situation.

The Commission has in mind the possibility of charging the Member States interest on any excessive working capital that they may hold.

5. Management of appropriations

5.1 Summary of available appropriations

Initial budget	6 167 400 000	ua
First supplementary and amending budget:		
a) supplementary appropriations	714 400 000	ua
b) transfers from Chapter 100 (provisional appropriations)	219 800 000	ua
Transfer from Chapter 100 to Chapter 64 (sugar)	1 500 000	ua
Non-automatic carry-forward from 1976 to 1977 - food aid, refunds	92 355 262.43	ua
	<hr/>	
	7 195 455 265.43	

5.2 Transfer of appropriations

The development of expenditure during the financial year led the Commission to propose a three-stage transfer of appropriations between the chapters of Titles 6 and 7 of the budget:

- a) The first supplementary and amending budget included the transfers between chapters given in column b of Table 7;
- b) After the Commission had received the statements of expenditure up to 31.7.1977 and the estimates for the following three months, it appeared that appropriations would be insufficient in some sectors. On 30 January 1978 a proposal from the Commission the Council decided on the transfers needed to meet expenditure in the following sectors; milk and dairy products (+ 30 M ua), sugar (+ 45 M ua), fruit and vegetables (+ 20 M ua) and non-Annex II products (+ 60 M ua).

In Table 7 these transfers are included in the amounts under column c.

- c) In the light of total expenditure incurred in 1977, a final series of transfers was decided on by the Council on 17 April 1978.

In addition to the transfer of 1.5 M ua from Chapter 100, the transfers referred to in subparagraphs b and c are shown in column c.

TABLE 7

Transfers of appropriations

1 000 ua

Chap.	Sector	Initial budget for 1977	Transfers of approp. First sup- plementary & amending budget	Others	Non-automatic carry-over of approp- riations from 1976	Total approp- riations available
		a	b	c	d	e
60	CEREALS	759 000	+ 4 300	- 156 783	+ 27 996	634 513
61	RICE	29 000	- 8 000	-	+ 1 144	22 144
62	DAIRY PRODUCTS	2 000 000	+ 484 900	+ 51 783	+ 63 215	2 599 898
63	OILS AND FATS	408 500	+ 4 100	- 56 000	-	356 600
64	SUGAR	320 000	+ 94 000	+ 131 500	-	545 500
65	BEEF AND VEAL	609 000	- 113 600	-	-	495 400
66	PIGMEAT	80 000	+ 10 000	- 45 000	-	45 000
67	EGGS/POULTRYMEAT	25 000	-	-	-	25 000
68	FRUIT/VEGETABLES	126 500	+ 21 000	+ 40 000	-	187 500
69	WINE	124 000	- 15 000	-	-	109 000
70	TOBACCO	206 400	- 3 400	+ 6 000	-	209 000
71	FISHERY PRODUCTS	10 000	-	-	-	10 000
72	ALCOHOL	p.m.	-	-	-	p.m.
73	OTHER SECTORS	58 000	- 3 600	-	-	54 400
74	REF. ON PROC. PROD.	48 000	-	+ 80 000	-	128 000
75	ACC. COMP. AMOUNTS	250 000	-	- 50 000	-	200 000
78	MCAs	582 000	+ 388 000	-	-	970 000
79	DUAL RATE	532 000	+ 71 500	-	-	603 500
	TOTALS	6 167 400	+ 934 200	+ 1 500	+ 92 355	7 195 455
100	Provision for partial application of coresponsibility levy		- 219 800			

5.3 Expenditure

5.3.1 Expenditure taken in charge

Expenditure declared by the Member States as having been paid up to 31 December 1977 and charged against the 1977 financial year by the Guarantee Section amounts to 6 662 375 553.51 ua.

Of this total, 598 487 577.02 ua (8.98%) represents net losses by intervention agencies and 6 063 887 976.49 ua (91.02%) export refunds and other intervention measures.

A detailed analysis of expenditure by sector is given in the first part of this report in Table 1 and in Annex G VII. The breakdown of expenditure by Member State is given in the table below.

It should be noted that this breakdown should be treated with caution given on the one hand the delays in making payments, and on the other hand, the expenditures made by the paying agencies cannot be considered as its own, having regard to the fact that the Community is a single economic entity. The breakdown is on the basis of the IMF units of account used in the Community budget, which are no longer representative of the rates of exchange of the Member States.

Table 8

Breakdown of 1977 expenditure
by Member State and type of financing¹

M ua

Member State	Refunds	Intervention	Totals		%	
			1977	1976	1977	1976
BELGIUM	279.4	139.2	418.6	337.2	6.28	6.05
DENMARK	229.1	395.7	624.8	432.4	9.38	7.76
GERMANY	404.3	841.6	1 245.9	880.0	18.70	15.70
FRANCE	664.1	908.3	1 572.4	1 408.8	23.60	25.29
IRELAND	132.1	456.0	588.1	225.1	8.83	4.04
ITALY	111.4	854.4	965.8	1 053.4	14.50	18.91
LUXEMBOURG	1.3	6.8	8.1	8.1	0.12	0.15
NETHERLANDS	483.6	403.7	887.3	756.8	13.32	13.59
UNITED KINGDOM	191.6	159.8	351.4	468.2	5.27	8.41
EEC TOTAL	2 496.8	4 165.5	6 662.4	5 570.0	100.-	100.-

¹ Taking into account neither corrections for the breakdown by Member State under the system whereby the exporting Member State pays MCAs in intra-Community trade for the importing Member State (see Table 3, page 49), nor of the movement of receipts between intervention agencies resulting from the transfer of products at a "zero" price.

5.3.2 Budget operations

The statements of expenditure by Member States up to 31 December 1977 were scrutinized by the staff of the EAGGF Guarantee Section and gave rise to a number of commitments and payments against the budget.

5.3.2.1 Commitments

Amounts committed globally:

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

At the end of the financial year a balance of global commitments usually remains which is used to cover payments charged in respect of certain expenditure which could not be made in good time; this balance is released in respect of the current financial year and recommitted in the next financial year.

Amount available to Member States at the beginning of the 1977 financial year	137 851 852.52 ua
Advances to Member States for 1977	7 033 318 019.20 ua
Total global commitments	7 171 169 871.72 ua
Specific commitments by budget item	6 662 375 553.51 ua
Balance of global commitments to be released	508 794 318.21 ua

5.3.2.2 Payments

a) 1977 expenditure

Amount of expenditure committed by budget item	6 662 375 553.51 ua ¹
Amount of payments charged	5 663 314 092.98 ua ¹
The balance of	999 061 460.53 ua IMF

was carried forward to the 1978 financial year, a specific commitment (for its equivalent in EUA, namely 609 814 454.78 EUA), and will be used for the subsequent charging of expenditure notified by the Italian intervention agency AIMA, which is subject to modification after the receipt of data concerning payments actually made to beneficiaries.

b) 1976 expenditure

A distinction should be made between appropriations automatically carried forward for amounts committed by budget heading but not paid and appropriations automatically carried forward specifically for the Guarantee Section for sums globally committed for advances.

¹ including 92 355 265.43 from appropriations carried forward.

ba) Automatic carry-over of appropriations (Article 6(1) of the Financial Regulation)

Total appropriations carried over	529 196 386.39 ua
Payments charged in respect of corrected AIMA expenditure in 1976	500 443 154.10 ua ¹
	<hr/>
Appropriations unused and therefore lapsed	28 753 232.29 ua

bb) Appropriations automatically carried over (Article 111 of the Financial Regulation)

Total appropriations carried over globally	56 181 519.72 ua
Commitment and payment charged	3 082 342.99 ua
For corrected expenditure by AIMA in 1976 which could not be charged against the appropriations carried forward for this purpose (see ba) owing to the absence of funds available under two budget headings	
	<hr/>
Appropriations unused and therefore lapsed	53 099 176.73 ua

5.4 Appropriations carried over

5.4.1 Use of appropriations carried over from 1976 to 1977

The appropriations carried over from 1976 to 1977 were used as follows:

Appropriations automatically carried over (specific commitment)	529 196 386.39 ua
Appropriations automatically carried over (globally)	56 181 519.72 ua
Non-automatic carry-over ²	92 355 265.43 ua
	<hr/>
	677 773 171.54 ua
Payments charged	595 880 762.52 ua
	<hr/>
Appropriations lapsed	81 852 409.02 ua

¹ Corrected date from AIMA also include a reduction of 5 999 443.50 ua in expenditure on production aid for olive oil which had been charged against the financial year 1976. This correction can only be entered in the account at the time of clearance (Article 110 of the Financial Regulation). It is, however, immediately taken into account from the point of view of the cash position.

² Expenditure for the financial year 1977 has been committed and charged against these appropriations in respect of refunds for Community food aid under earlier programmes (cereals, rice and milk products sectors).

5.4.2 Carry-overs from 1977 to 1978

Automatic carry-overs amount to:

609 814 454.78 (= 999 061 460.53 IMF ua)

for payments charged in 1978 in respect of corrected expenditure by AIMA for 1977.

The Commission requested the Budget Authority to carry over 23 700 000 ua of appropriations out of the 533 079 711.92 ua remaining unused on 31 December 1977.

The amount to be carried over corresponds to the receipts from the financial contribution by milk producers levied in 1977 by the Member States. The expenditure programme based on these receipts could not be drawn up in time and the carry-over of these appropriations to 1978 is therefore intended to make it possible to charge expenditure of an equivalent amount in 1978.

5.5 Summary of the implementation of the budget

Briefly, implementation of the budget for the 1977 financial year, Titles 6 and 7 (EAGGF Guarantee Section), is as follows:

Appropriations available (see 2.3.3)	7 195 455 265.43 ua
Payments charged	<u>5 663 314 092.98 ua</u>
	1 532 141 172.45 ua
Appropriations specifically committed and automatically carried over to 1978	<u>999 061 460.53 ua</u>
Unused appropriations	533 079 711.92 ua
Unused appropriations whose carry-over to 1978 is requested	23 700 000.00 ua
	<hr/>
Appropriations unused and therefore lapsed	509 379 711.92 ua

A summary of this implementation is given in Annex G I, together with tables on the utilization of commitment appropriations, payment appropriations and carry-overs (Annexes G II, III and IV).

5.6 Paying departments

Finance by the Community of the common agricultural markets and prices policy depends on a number of agencies in Member States whose operation is governed by national laws, regulations and administrative provisions. The most important are the paying agencies within the meaning of Article 4 of Regulation (EEC) No 729/70, that is to say departments or agencies in Member States authorized by them to make payments of expenditure by the Guarantee Section of the EAGGF. These departments receive the monthly advances through a central body in the Member State, carry out the payments to beneficiaries and keep the accounts and the numerous supporting documents.

These paying departments depend in turn on technical offices and other national or regional departments which carry out various functions in the payment of control procedures.

The fact that the Commission has to base its financial management on differing national structures is one of the difficulties in running the Guarantee Section.

Although certain changes were mentioned in the Sixth Financial Report, there were no new developments in 1977 which require mention.

TITLE III

VERIFICATIONS AND IRREGULARITIES

6. Verifications

6.1 Characteristics

6.1.1 General

As stated in the previous paragraph, the Member States' authorities are responsible for putting into effect Community rules and they keep the accounts and detailed supporting evidence relating to most EAGGF expenditure. For this reason inspection visits, which the Commission has made an effort to continue and develop in 1977, are of particular importance.

In this connection, the Commission staff organize a series of checks on EAGGF expenditure, initiated either by the authorizing department (EAGGF Directorate of the Directorate-General for Agriculture) or by the Financial Controller.

6.1.2 Different types of verification

These controls are as follows:

- verification when validating an operation or at a given period (clearance of the accounts),
- special enquiries,
- selective controls.

Verifications when validating an operation and those in connection with clearance of the accounts are the responsibility of the authorizing department.

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

Directorates-General VI and XX of the Commission work together to carry out the checks under systems which vary according to the department which initiated the measure and the staff available.

a) Controls in connection with clearance of the accounts

These controls are of a systematic nature and are organized by the authorizing department. According to the type of control, a programme is drawn up for either one or two consecutive years.

b) Special enquiries

These are enquiries initiated for specific reasons, for example in individual cases which place EAGGF funds at risk or in order to ensure correct application of common agricultural policy (CAP) provisions with financial effects.

c) Selective checks

The checks cover all the Member States in general and are directed towards problems encountered in a specific sector or field.

Furthermore, DG VI, as department responsible for managing the CAP, undertakes visits to ensure that the Community provisions are correctly applied and that Community finances are properly managed. These visits are part of the day-to-day management of the CAP and its financing.

6.2 Inspection visits in connection with the annual clearance of accounts¹

Inspection visits in connection with the clearance of accounts are dealt with in Title IV. Altogether, 223 working days were spent on the spot checking 1973 expenditure and 26 checking 1974 and 1975 expenditure. Of these, 202 working days were spent by the EAGGF and 47 by Financial Control.²

6.3 Special enquiries and visits

The EAGGF and other departments within the Directorate-General for Agriculture spent 83 days carrying out on-the-spot checks of various types and Financial Control took part during 46 days.

¹ It should be noted that on-the-spot inspection visits in connection with agricultural levies are carried out under the framework of the Community's own resources. Several working days were spent on the spot for this purpose.

Visits accordingly represented 129 working days, broken down as follows:

a) Butter at reduced prices for use in the confectionary and baking industry

Forty-eight days were spent in connection with the case of the import and export of butter at reduced prices for use in the confectionary and baking industry (Regulations Nos 1259/72 and 232/75).

After the discovery of irregularities in the Federal Republic of Germany, the EAGGF together with Financial Control carried out a series of checks in several Member States (Belgium, Denmark, France, Germany and the Netherlands) on the way in which the Community rules in this sector were managed by the intervention agencies in question.

The results of this enquiry are being examined and could give rise to some recommendations for improving the control system applied by the Member States.

b) Trade in beef and veal between two countries

On the instigation of the EAGGF and with the participation of Financial Control twenty-one days were spent on controls in the beef and veal sector in the United Kingdom and France. The UK authorities had complained of the large number of consignments of beef and veal that the port authorities had been obliged to reject for veterinary reasons.

The EAGGF was concerned at the possibility of irregularities through the grant of MCAs and accession compensatory amounts, but no irregular operations could be established as a result of the checks carried out. The enquiry nevertheless made the problem clearer and its results have been communicated to the two Member States concerned.

c) Control of the quality of certain products in intervention storage

Thirty-two days were spent checking the quality of certain intervention products stored by the Italian intervention agency.

Firstly 24 days were spent on sampling, sealing and chemical analysis of the organoleptic qualities of intervention olive oil bought in during 1975/6. The Commission had heard rumours about the quality of the olive oil in storage, but the results of analysis proved that the product complied with Community standards. Eight days were spent checking stocks of cereals which the Italian authorities had reported to be deteriorating and in taking samples for analysis.

Following these checks, the Commission adopted two Regulations authorizing Italy to invite tenders for some of the quantities in storage and decided to carry out an enquiry on storage conditions since 1976.

d) Food aid

The Directorate General for Agriculture and Financial Control devoted sixteen working days to on-the-spot check of one particular problem.

e) Irregularities

Twelve working days were spent on the spot in connection with cases of irregularity, mainly to obtain further particulars.

6.4 Selective checks

In 1977 122 working days were spent on selective checks carried out under the auspices of Financial Control, to wit 64 by that department and 58 by the DG for Agriculture. They covered the wine sector and private storage of beef and pigmeat.

a) Wine sector (Financial Control 22 days; DG for Agriculture 23)

It was discovered that, in some cases, the relevant Regulations were not complied with or were incorrectly interpreted, particularly in respect of private storage aid and voluntary distillation. The Commission sent letters to the Member States' departments concerned to draw their attention to some specific aspects revealed by the checks.

- b) Private storage of beef and pigmeat (Financial Control 42 days;
DG for Agriculture 35 days)

The Commission staff suggested improvements as regards the identification of the meat in storage and the control systems employed by the Member States' departments concerned.

7. Irregularities (Guarantee section)

7.1 Implementation of Regulation (EEC) No 283/72¹

This Regulation is based on Article 8 of Regulation No 729/70 on the financing of the common agricultural policy which, while laying down the principle of Community financial responsibility for the financial consequences of irregularities, nevertheless specifies that the Member States must take the necessary measures to prevent and prosecute such irregularities and to recover the sums owed. This Regulation was described in the report for 1972 (Second Financial Report, point 6.1).

The EAGGF has always concentrated on intensifying the application of Regulation 283/72 as far as the staff available permits and on stepping up cooperation with the Member States' authorities. This is also in line with the decisions taken by the Commission after reports drawn up by the Special Committee of Inquiry had underlined that this is the most important instrument at Community level in the campaign against irregularities to the detriment of the EAGGF.

A study of the cases of irregularity brought to the attention of the EAGGF under this Regulation showed that some 80 to 90% of cases are discovered during checks within undertakings.

For this reason the Council's adoption of the "scrutiny of commercial documents" Directive², after ten months of negotiations, is considered an important step forward. The Directive makes this type of check

¹ of 7 February 1972 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the common agricultural policy and the organization of an information system in this field, OJ No L 36, 10 February 1972, p.1.

² Council Directive of 27 June 1977 on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the EAGGF, OJ No L 172, 12 July 1977, p.17.

obligatory for transactions which form part of the system of financing by the Guarantee Section of the EAGGF.

A "compendium of irregularities" has been distributed within each Member State to some officials responsible for checks and for the campaign against irregularities.

The national administrations will be able to find information in it on the circumstances of the cases examined and on the methods used by dishonest operators and on the correct application of Community rules in the cases in question. A guide for direct contacts and a list of national and Commission officials to be contacted in case of urgency (Article 4 of Regulation No 283/72) are attached to this compendium, which will be updated by supplements describing particularly interesting cases.

7.1.2 Communication of the provisions laid down by law, regulation or administrative action and a list of the authorities and bodies responsible for the prevention and prosecution of irregularities (Article 2 of Regulation 283/72)

At a seminar held in October 1977 (cf. 7.1.7) a working paper concerning the national authorities and bodies responsible for the prevention and prosecution of irregularities to the detriment of the EAGGF was brought up to date. Reference was made to the provisions laid down by law, regulation or administrative action previously communicated by the Member States in individual cases, although the Commission staff have not yet been able to complete an analysis of this data owing to other more urgent tasks in the campaign against irregularities.

7.1.3 Communication by Member States of a list of irregularities (Articles 3 and 5 of Regulation 283/72)

Although the information system works well in general, time limits for the submission of returns are not always observed.

The Member States must also give more detailed information so that cases may be analysed in depth. The Commission staff have on several occasions made this request of Member States.

7.1.4 Communication of irregularities liable to have immediate effect in other Member States and of new fraudulent practices (Article 4 of Regulation 283/72)

The rapid exchange of information between national departments and between them and the Commission is now operating as a result of the instructions on contact in the compendium of irregularities (cf. 7.1.1).

Unfortunately, addressees sometimes do not always react, or additional information is sent only after an appreciable delay. Suggestions for improvement are being studied by the EAGGF Irregularities' Group.

Annex G XIV also shows that there are differences in the Member States' readiness to make use of Article 4.

Some new cases were brought to light by the rapid information system in 1977. Some of them later gave rise to communications under Article 3 where they were the subject of primary administrative or judicial findings of fact.

In the beef and veal and pigmeat sectors cases were notified, as in previous years, of the use of lost and stolen rubber stamps, false declarations of weight or quality and forged veterinary or import papers. Clandestine traffic between two countries to qualify for monetary compensatory amounts continues in spite of the recent measures taken in the pigmeat sector.

One case has been notified in the cereals sector, also concerning a false declaration of quantity to obtain payment of a higher monetary compensatory amount.

The following were observed in the dairy products sector:

- false tariff heading on import into a Member State for malted milk powder from a non-member country; risk of setting up to-and-fro traffic either in the original state or after extraction;
- false tariff heading for a chocolate-flavoured mixture for use in automatic drink-vending machines;
- false customs and sales documents to receive MCAs on the import of empty containers stated to contain 18 000 kilos of butter;

- change of destination of 200 tonnes of butteroil, apparently intended as food aid.

One case concerning pigmeat and poultrymeat for the victualling of ships, but which could equally well have occurred in any other sector, has also been notified. Those responsible are being prosecuted in their country and the case is under study by the EAGGF Irregularities Group and other Commission departments.

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

In accordance with Article 6 of Regulation 283/72 an administrative enquiry was set up at the Commission's request into a case of export of soft cheeses between two Member States. These exports were exempted from payment of MCAs on the basis of predated contracts.

In one case concerning the non-grant of MCAs in the pigmeat sector (a case notified to the Member States in accordance with Article 4 of Regulation 283/72), the Commission made use of the "pre-6" procedure whereby information is requested from the Member States about suspected irregularities or attempted fraud before a formal enquiry under Article 6 is initiated. Communications in accordance with Article 4, which were more frequent, made it possible to throw light rapidly on individual problems without using that procedure very often.

The following questions have still to be settled:

- premiums for slaughtering heifers (see 7.1.9);
- a case of fraudulent traffic in butter attracting consumer subsidies.

7.1.6 Convening of information meetings to assist Member States (Article 7(3) of Regulation 283/72)

Two main meetings of the EAGGF Irregularities Group took place in 1977. It was not possible to hold other meetings, partly because the EAGGF staff had to concentrate on priority work such as the "control of commercial documents" Directive and the Compendium of Irregularities.

However, the individual problems studied during these meetings are of some importance, i.e.:

- study of irregularities notified in the cereals sector with respect

- to special "B" intervention measures for private storage;
- assessment of the extent to which the provisions of Article 4 of Regulation 283/72 are applied;
- transmission of documents within paying departments;
- the means at the disposal of paying agencies for checking the authenticity of documents;
- the possibility of irregularities in the fisheries sector.

However, in spite of the importance of these meetings and the need for them, the EAGGF felt that further work was necessary. In addition to the plenary sessions it was decided, for a trial period, to hold restricted meetings at intervals for national officials responsible for investigations of irregularities. Confidential exchanges of technical information on the most recent irregularities could more conveniently be made in this context.

7.1.7 Community measures relating to the training of EAGGF inspectors (Article 7(3) of Regulation No 283/72)

The general budget of the European Communities has, since 1976, included an Article 315 "training of national officials responsible for monitoring EAGGF expenditure" (cf. also Chapter II of the Council Resolution of 16 December 1975¹).

A seminar took place from 29 June to 1 July 1977, organized by the Directorate-General for Agriculture together with the Directorate-General for Financial Control and the Administration of the Customs Union, on the documentary proof necessary for validation of refund payments.

The Directorates-General for Financial Control and for Agriculture also organized, on 20 and 21 October 1977, a seminar on the structures and organization of the national departments for management and control of the EAGGF.

During these two seminars there were presentations by national officials responsible for drawing up and supervising control operations, followed by discussions.

¹ OJ No C 298, 30 December 1975, p.1

7.1.8 Possible Loopholes in Community Legislation (Article 7(4))

In addition to the measures applied with a view to the continuous improvement of Community agricultural rules, Regulation No 283/72 makes provision for the reporting of loopholes. Under Article 7(4) one loophole was notified in 1977. It concerns possible irregularities in respect of goods subject to a market organization which are transported under the Community transit system. It is being studied by the Community Transit Committee.

7.1.9 Communications in respect of irregularities below 1 000 ua (Article 11 of Regulation 283/72)

The Member States have been requested to communicate cases of irregularities concerning sums below 1 000 ua that they may have discovered in the sector of premiums for beef and veal, since irregularities in this area have been detected in one Member State.

7.2 The cases of irregularity

7.2.1 1977

Of the 169 cases communicated, 70 concerned beef and veal¹, 26 wine, 23 pigmeat¹, 22 dairy products, 16 cereals, 9 non-annex II products, 5 eggs and poultrymeat, 2 fishery products, 2 oils and fats, 1 fruit and vegetables and 1 flax.

Six of the cases communicated concerned several sectors. Of the cases listed, some also concerned MCAs (81 cases) or accession compensatory amounts.

7.2.2 Export refunds and compensatory amounts

The most common frauds in respect of refunds still consist of false declarations as to destination, nature, quantity, quality or tariff heading.

¹ mainly involving monetary compensatory amounts

The control arrangements in respect of compensatory amounts have been improved, particularly the procedures for levy on export. The problem caused by the differences in the rates for currencies is, however, still worrying since the sums involved are still tempting for operators.

7.2.3 Market intervention measures

In the wine sector, 26 cases involving restorage aid or private storage were communicated by one Member State following enquiries. In the milk products sector sales of butter at reduced prices or false quality declarations were discovered. In the cereals sector there are still some cases dating from 1973 concerning denaturing premiums. In the oils and fats sector there were false declarations of area or of olive groves in production.

7.2.4 Financial extent of the irregularities recorded and communicated in accordance with Articles 3 and 5

The number of cases of irregularities in 1977 amounted to 169, representing a sum of 8.5 M ua. Table 9 shows, over a period of years, the number of cases of irregularities, the amounts involved and the sums recovered.

Annex G XIII gives a breakdown of these cases by Member States and by sector for 1977.

There is some reduction in the number of cases compared with the previous year but this is unfortunately counterbalanced by an increase of 42% in the sums involved.

Attempted irregularities are always carefully studied and can be included in the compendium of irregularities if they are of special interest but they are not included in the tables since they have no financial implications.

7.3 The Special Committee of Inquiry (SCI)

The SCI continued its work in 1977, concentrating on the wine sector. Its report on the EAGGF Guarantee Section in this sector was completed at the end of 1977.

TABLE 9
EAGGF GUARANTEE SECTION - CASES OF IRREGULARITY 1971-1977
AND SUMS RECOVERED
(Amounts in ua)

	1971		1972		1973		1974		1975		1976		1977(1)		Total 1971-1977	
	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount
Cases communicated	8	8 234 436	20	2 077 562	51	1 399 829	93	4 721 165	139	2 547 582	257	5 984 664	169	8 539 419	737	33 504 657
of which, recovered	7	8 027 225	14	695 981	37	598 466	46	849 564	81	834 065	104	2 211 059	45	1 580 188	334	14 796 548

(1) See annex G XIII p. 92 for full details of irregularities communicated in 1977.

The recommendations in respect of control and intervention in the wine sector concern:

- making controls more thorough and selective,
- better informing and coordinating national administrations,
- re-examining private storage aid,
- the problems posed by aid to voluntary distillation.

Initial work on the cereals sector has also been undertaken.

TITLE IV

AUDIT AND CLEARANCE, AND CLOSURE OF THE ACCOUNTS

8.1 Characteristics

It is recalled that the payments carried out by the Commission, as referred to in 5.3, are without prejudice to the annual audit and clearance of accounts. For this purpose, the Commission receives annual statements which are more detailed than the monthly statements. Scrutiny of these on the basis of the documents provided followed by inspection visits gives rise, after a bilateral and then multilateral procedure in the EAGGF Committee, to Commission Decisions for the clearance of accounts.

These Decisions constitute recognition of the correctness of Community expenditure paid out by Member States, subject to subsequent appeal to the Court of Justice or comments by the Budget Authority at the time when the Commission's management is subject to the annual discharge procedure.

The audit and clearance of accounts is subject to a considerable backlog owing to the large number of types of expenditure, the volume and complexity of the expenditure, which the monetary situation has once more increased, the extent of the Community legislation implemented, the number of national departments involved and the particularly acute shortage of personnel in this sector of Community financing. The priority granted to completion of work on closure of the accounts for periods prior to 1 January 1971 has meant that the Commission could give approvals in respect of these periods on 20 December 1977. At the same time, and without waiting for the final clearance of the 1973 accounts, efforts have been concentrated from summer 1977 on verification for the 1974 and 1975 financial years combined.

8.2 Periods prior to 1 January 1971

8.2.1 Approval decisions

The accounts relate to four periods - 1967/68, 1968/69, second half of 1969 and 1970 - which had already given rise to payments on account effected by payments calculated on the basis of provisional accounts,

and to be included eventually in the final. After a general report was sent at the end of 1976 to the six Member States concerned for comments, two important additions were drawn up in August and October 1977 to take account of the following new facts:

- a) supplementary or amending statements sent in by some Member States, particularly concerning payments or recoveries entered in the accounts in 1976 and 1977 in respect of these periods;
- b) comments made by the Member States during the first half of 1977 which have led the EAGGF departments, after thorough reexamination (including two further inspection visits), to revise their position on several points (including packaging costs in Belgium for public storage of butter, calculating the losses and depreciation in Germany on cereals stored and refunds on Italian exports of common wheat to Egypt).

After examination in the Experts' group and in the EAGGF Committee on 10 November 1977, the Committee was consulted on 22 November and 13 December on the draft decision. The Commission had to give its approval on 20 December 1977. Total eligible expenditure for all four periods was 7 006 133 244.14 ua; taking account of the advances already paid, the balance of expenditure taken into account for each of the periods under consideration is as follows, in ua:

:Period	:Total eligible expenditure	: Advances	: Balance
:1967/68	:1 068 308 431.11	: 935 157 869	: 133 150 562.11
:1968/69	:1 698 444 736.35	: 1 478 365 223	: 220 079 504.35
:2nd half 1969	:1 710 562 716.86	: 1 224 150 378	: 486 412 338.86
:1970	:2 528 817 359.82	: 1 655 203 701	: 873 613 658.82
:TOTAL	:7 006 133 244.14	: 5 292 877 180	:1 713 256 064.14

The balance of expenditure not covered by advances is thus some 24% overall of eligible expenditure; the approval decisions, however, relate to all eligible expenditure.

3.2.2 Corrections to the expenditure figures

Non-eligible expenditure amounts to 41 047 385.05 ua and thus represents some 0.6% of total expenditure put forward for approval. It broadly results from the difference between an overall reduction in expenditure of some 56 M ua and an increase in expenditure of some 15 M ua.

The main positive correction is explained by the fact that repayment of net losses on butter was limited in 1967/68 to either actual cost of flat-rate cost, whichever was the lower; after correction it is not the actual cost which is eligible but the flat-rate expenditure (France : +15.1 M ua).

Refusal of expenditure represents overall some 56 M ua for the four periods and is mainly accounted for by the following cases:

- a) Insufficient value of the skimmed milk powder stock carried forward calculated on the basis of the buying-in price of one quality and not the intervention prices applicable to the various qualities present (France : carryover on 29 July 1968 - 6.5 M ua, carryover on 1 July 1969 - 3.9 M ua);
- b) Expenditure still to be paid and included in declarations of expenditure (Italy - 8.8 M ua);
- c) Expenditure declarations not in conformity with the accounts (in France : denaturing of cereals and carryover payments + 0.1 M ua, aid for skimmed milk for animal feed and casein manufacture - 6.6 M ua, refunds for export of non-Annex II products - 0.7 M ua; in Italy : production refund on cereals, tobacco and non-Annex II products - 1.5 M ua).
- d) Omission of a corrective factor for net losses on butter laid down in Article 4(2)(g) of Regulation No 2306/70 to take account of sales of butter at reduced prices (France - 6.9 M ua);
- e) Omission in the net losses accounts for milk products of a corrective factor laid down in Regulation No 2306/70 for one Member State (application to France of Article 4(1)(j) and 4(2)(f) for butter: - 0.9 M ua, and of Article 5(1)(c) and 5(2)(f) for skimmed milk powder: - 4.2 M ua);

- f) Expenditure declared for 67/68 and again for 68/69 (denaturing of sugar in Germany - 2.7 M ua, entry costs for public storage of butter in France - 2.0 M ua);
- g) Incorrect application of flat-rate amounts for drying cereals (Germany - 2.5 M ua), entry and removal of sugar (Germany - 0.1 M ua¹), and storage of cereals (Italy + 0.2 M ua);
- h) Exceeding the deadline of 21 October 1970 laid down in Regulation 1308/68 for the sale of butter at reduced prices (Germany - 1 M ua, France - 0.6 M ua, Netherlands - 0.4 M ua)¹;
- i) Underestimation of receipts from sales of intervention butter in France, particularly in the case of sale at reduced prices under Regulation 1308/68 (- 0.8 M ua) and in one case of accident (- 1.1 M ua);
- j) Effect of an incorrect calculation of average stock on storage and financing costs (France; net losses butter - 1.1 M ua, net losses skimmed milk powder - 0.5 M ua);
- k) Non-application of the agreement of 18 December 1974 on monetary parities (France : net losses cereals - 1.2 M ua, net losses beef and veal - 0.2 M ua);
- l) Non-eligibility of the refunds paid for casein exported between 29 July 1968 and 1 April 1969 in the absence of a Community refund rate (France - 1.2 M ua);
- m) Incorrect application of the tolerance and of the calculation of losses on cereals (Germany - 0.2 M ua, Italy - 0.3 M ua);
- n) Incorrect rounding-off of the refund rate for storage costs in the sugar sector (Germany - 0.3 M ua);
- o) Declaration of removal costs for cereals which had already been entered in the accounts and financed under food aid (Italy - 0.2 M ua);

The reasons for these realignments may be roughly categorized as follows:

1. Non-application or incorrect application of Community provision accounting for 33.7 M ua in respect of:

¹ Without prejudice to the decision of the Court of Justice of the European Communities in case 11/76 (Netherlands) and case 18/76 (Federal Republic of Germany)

- time limits (2 M ua);
- fixing rates for casein (1.2 M ua)
- application of the flat-rate amounts (6.2 M ua);
- value of purchases, sales, carryovers (12.3 M ua);
- application of corrective factors in respect of milk products (12 M ua).

2. Discrepancies recorded in entering payments amounting to 22.4 M ua as a result of:

- failure to correspond with the accounts (8.7 M ua);
- expenditure declared but not yet paid (8.8 M ua);
- expenditure declared a second time (4.9 M ua).

8.2.3 Individual cases of expenditure refused following natural disasters

One case of refusal of relatively minor expenditure (28 000 ua) not listed above should be pointed out because it illustrates the problem of the Community's financial responsibility in the case of some natural disasters. This was the earthquake in Sicily on 14 January 1968 which caused the loss of some 200 tonnes of durum wheat in intervention and made it necessary to transfer a further 4 650 tonnes. Under the existing financial rules, two thirds of this expenditure was covered by the EAGGF, i.e.

- payment of all the transport costs found necessary;
- payment of part of the recovery costs proportionately to the flat-rate amounts for entry and removal.

The value of the goods lost is not eligible under existing rules and has accordingly not been paid; the Commission preferred, in the absence of a thorough discussion in the Council of all aspects of the question, not to finance all the damage that intervention stocks might suffer through natural disasters.

8.2.4 Adjustments to the levies

The levies declared by Italy in the second half of 1969 have been increased by approximately 17 000 million lire corresponding to an increase in the first part of the contribution (90% of the levies) by + 24.5 M ua.

This refers to receipts coming in after 31 December 1969 which through a misinterpretation of Regulation 728/70/EEC were not declared in the request for approval.

8.2.5 Clearing

It is recalled that, in the financing system for periods prior to 1 January 1971, the annual approval decisions by which the Commission fixes the amount of the repayments granted are implemented by clearing, that is to say by balancing the repayments granted and the contributions due from Member States.

The resultant balances are credit or debit according to whether the repayments exceed the contributions or not. The Commission receives payments from the debtor Member States and transfers them to creditor Member States.

Bearing in mind the clearing already carried out under the decision for advances and the advance payments made in application of the so called "aggregation" resolutions (Council Resolutions of 21 April 1970 and 30 May 1972) the payments outstanding amount to 46 885 372.20 ua as shown in the table below:

Balances remaining to be paid
for final closure of the accounts

in ua

Member State	debit balance	credit balance
BELGIUM	3 434 000.27	-
GERMANY	2 439 303.95	-
FRANCE	-	29 701 530.24
ITALY	39 996 439.56	-
LUXEMBOURG	1 015 628.42	-
NETHERLANDS	-	17 183 841.96
TOTAL	46 885 372.20	46 885 372.20

A proposal for an ad hoc Financial Regulation was put before the Council by the Commission on 13 October 1977 in order both to make it possible to carry out the clearing for these four periods and to find a simpler way within the budget to bring the situation back to normal after application of the "aggregation" Resolutions.

This Regulation was adopted by the Council on 6 June 1978¹ the balances could be paid during the second half of 1978.

8.3 Accounts for the 1971 and 1972 financial years

The proceedings in the appeals entered by three Member States (Germany, France, The Netherlands) following the clearance decisions of 2 December 1975 went forward in 1977 after they had been suspended in 1976 in the hope of coming to arrangements as to principle and reaching settlements which would make the appeals unnecessary. The judgments (Cases 11/76, 15/76, 16/76 and 18/76) are expected during 1978.

8.4 Accounts for the 1973 financial year

The inspection visits, which for the first time involved the nine Member States, started in May 1976 and were actively pursued until their completion in July 1977. A dozen missions were accordingly accomplished in 1977 representing altogether 223 working days on the spot, including 190 worked by the EAGGF and 37 by Financial Control.

The fact that the inspections covered a longer period than was originally estimated and that their number grew to over 20 is due to the difficulties encountered, already described in part in the previous report¹, which necessitated further visits in several Member States. Moreover, some questions of interpretation, particularly in respect of the type of proof required to show that goods had arrived at their destination in the case of export with variable rates of refund, required considerable work both to reach an exact definition of the content of Community law and to bring about the adjustments necessary when the proof put forward was not acceptable.

A series of inter-departmental meetings within the Commission and bilateral meetings with several Member States have made it possible to approach a solution to this question and others which are still pending; however, since some of these questions are comparable to those raised in connection with clearance of the accounts for 1971 and 1972 and which have been submitted to the Court of Justice, it may unfortunately be possible to reach a definite conclusion only after the judgment in these cases, expected during the second half of 1978.

¹ see point 6.2.2 (Sixth Financial Report).

It should also be emphasised that the work in progress has been generally slowed down or hindered by loopholes which have already been pointed out many times, particularly in respect of:

- administrative and accountancy techniques which in some cases do not allow, for reasons connected with the designation of products, of access to documentary evidence or accountancy procedures, verification in the accounts of the correctness of Member States' declarations;
- the inadequacy of internal checks carried out by national administrations in respect of Community expenditure and the lack of information for the Commission staff on the verifications carried out, which deprives them both of access to factors essential for assessment and of substantial assistance;
- the inadequacy of the reports made to the Commission on the management of Community funds by paying agencies, whereby the EAGGF departments are kept in the dark as to the real problems involved in running these agencies.

In view of these many difficulties and the small staff available, the work in progress will probably not enable the Commission to take decisions on clearance of the 1973 accounts before the first half of 1979.

8.5 Accounts for 1974, 1975 and 1976

- a) While work continued on clearance of the 1973 accounts, documentary verification in respect of financial years 1974 and 1975 combined began in mid-1977 and inspection visits, representing 26 working days including 16 by the EAGGF and 10 by Financial Control, took place from November. This work will continue throughout 1978 and in early 1979; it should lead to decisions on clearance of the accounts by the Commission at the end of 1979.
- b) As for the 1976 accounts, although no request was made to the Fund Committee for an earlier date than that agreed for the previous year (October 1976 for the 1975 financial year), the table following nevertheless makes it clear that only five Member States had put forward their request by October 1977 (including four for part of

their declaration only). In view of the process of catching up now under way, such delays are likely to hamper the future work of audit and clearance of accounts.

TABLE 10

Member State	Date of dispatch of requests for audit and clearance
Belgium	28.10.1977 18. 2.1978 (supplement)
Denmark	28.10.1977
Germany	9.12.1977 (refunds) 10. 3.1978 (intervention)
France	23. 2.1978
Ireland	(1)
Italy	12. 5.1978
Luxembourg	27. 9.1977
Netherlands	27.10.1977 30. 3.1978 (supplement)
United Kingdom	15. 8.1977 2. 2.1978 (supplement)

¹ Deposit of the requests is expected in September 1978

TITLE V

FINANCING OF COMMUNITY FOOD AID FOR PRODUCTS SUBJECT TO
COMMON ORGANIZATION OF THEIR MARKETS

9. Community food aid in the form of products covered by common organization of their markets is financed under the same rules as those applying to the Guarantee Section of the EAGGF.

9.1 Characteristics

9.1.1 Implementation

The implementation of the supply agreements ¹ concluded by the Community with the recipient countries or agencies calls for a mobilization procedure effected within the framework of the common organization of the market. This procedure is implemented by the national intervention agencies and is based on the principles of the free play of supply and demand (tendering procedure). In the case of urgent deliveries however, private contracts are a more efficient means for carrying out measures quickly.

9.1.2 Financial and budgetary aspects

Community food aid expenditure is financed from the following appropriations:

- a) - Chapter 92 (Community Food Aid) of the budget, which covers all food aid expenditure with the exception of the amounts for refunds,
- b) - Title 6 of the budget, "Guarantee", which covers the amounts for refunds according to sector (cereals, dairy products, sugar), allowance being made for the effect of the dual rate.

For the commitment of the funds required by Member States against Chapter 92, a system of monthly advances, similar to that used for the Guarantee Section, is applied.

¹ As from 14 April 1975 these agreements are concluded in the form of an exchange of letters.

9.1.3 Changes in the rules

Another matter that should be pointed out is the entry into force on 2 February 1977 of Commission Regulation (EEC) No 249/77 of 2 February 1977 laying down detailed rules for the implementation of Regulation (EEC) No 2681/74 on Community financing of expenditure incurred in respect of the supply of agricultural products as food aid¹ and the distribution of a memorandum to assist Member States at the various stages of financing such aid.

The Commission also put before the Council a proposal to consolidate all the food aid appropriations into one chapter in order to make the budget simpler and more transparent (inclusion of food aid refund appropriations in Chapter 92)².

This proposal was not adopted by the Council.

9.2 The cash position

9.2.1 Advances

The monthly advances (ordinary and extraordinary) requested by the Member States and made the subject of Commission decisions totalled 202.27 M ua in the 1977 financial year.

These advances were the subject of provisional global commitments and the amounts decided upon were placed at Member States' disposal for financing Community food aid.

A breakdown by Member State of the advances decided upon, expenditure carried out and the rate of utilization of the advances is given in the following table:

¹ OJ No L 34, 5 February 1977, p.21

² OJ No C 228, 24 September 1977, p.3

TABLE 11 : Breakdown and utilization of monthly advances in 1977

Member State	Advances ua (1)	Expenditure as at 31.12.1977 ua (2)	Percentage utilized
BELGIUM	23 785 688.70	24 084 947.84	100 %
DENMARK	0	0	p.m.
GERMANY	61 381 889.59	56 063 002.86	91 %
FRANCE	64 456 330.34	53 699 023.65	83 %
IRELAND	6 555 229.09	6 442 805.69	98 %
ITALY	35 084 312.28	33 002 076.82	94 %
LUXEMBOURG	355 044.38	355 044.38	100 %
NETHERLANDS	10 651 197.23	10 050 089.84	94 %
UNITED KINGDOM	0	0	p.m.
	-----	-----	-----
	202 269 691.61	182 676 991.08	91 %

(1) Including 27 152 911.45 ua, the balance available on 31 December as shown in the financial report for 1976 (page 123, Table A2)

(2) Expenditure declared by the Member States.

Comparison of these figures with those for 1976 shows that the advances have risen from 138.82 M ua to 202.27 M ua.

This is mainly due to making up the delay in carrying out the cereals programmes. The rate of use has also risen from 80% in 1976 to 91%. This is largely the result of improved expenditure estimates by the paying agencies.

9.2.2 Changes in the cash position

Annexes AI and AII show the cash position on 31 December 1977. Funds available, broken down by Member State, amount to 18 818 213.76 ua for the Community.

9.3 Administration of appropriations and payments

9.3.1 Total appropriations available in 1977

The following appropriations were available:

- Appropriations carried forward from 1976 because of delays in the implementation of some programmes;
- New appropriations in the 1977 budget;

TABLE 12 : Total appropriations available in 1977

:	:	:
:	:	Cereals, milk products and
:	:	sugar conventions
:	:	:
:	:	u.a.
:	:	:
:	:	1976 budget carry-over ⁺
:	:	189 302 910.88
:	:	1977 budget
:	:	178 400 000.00
:	:	-----
:	:	TOTAL
:	:	367 702 910.88

⁺ high figure owing to delay in carrying out the 1976 programmes.

9.3.2 Payments

a) Expenditure declared by the Member States

Table No 11 and Annex A III show expenditure declared (183 676 991.08 ua) by the Member States and effected in the course of 1977 against the advances granted.

The charging of these amounts in the course of the financial year does not of course prejudice the final accounts, as approved by the Commission after the procedure for audit and clearance of accounts.

The differences between the advances decided and expenditure constitute the balances available on 31 December 1977, which the Member States may use for their expenditure in 1978.

b) Direct payments

Apart from advances paid to the intervention agencies in the Member States the Commission made various direct payments to certain recipient countries or agencies as financial contributions for forwarding and distributing food products supplied as gifts. These direct payments amounted to 4 007 545.10 ua. The following table shows the breakdown of this amount by recipient.

TABLE 13 : Direct payments

Beneficiary country or agency	Amount in ua
SOMALIA	904 926.10
ETHIOPIA	381 057.09
MALI	237 653.98
CHAD	151 237.18
U.N.R.W.A.	329 675.46
W.F.P.	1 299 446.98
I.R.C.C.	10 060.00
UPPER VOLTA	15 737.36
VARIOUS (1)	677 750.95
Total	4 007 545.10

9.3.3 Appropriations carried forward to 1978 (cf. Annex A I)

The appropriations which were committed in 1977 but did not result in payments by the Member States were automatically carried forward to 1978.

The amount involved was 123.82 M ua, including 105 M ua committed under Article 40 of the Financial Regulation and 18.82 M ua in accordance with Article III of the same Regulation.

The amount committed under Article 40 (105 M ua) is based on the estimated cost of food aid measures in respect of which official exchanges of letters with a view to arranging supplies have already taken place between the EEC and the beneficiary countries. These exchanges of letters constitute the legal basis and the operative event for the advance commitment of expenditure against the budget.

The sum of 18.82 M ua is the difference between the advances granted to the Member States during 1977 and the expenditure declared for the same period.

Unused appropriations totalling 56.43 M ua were cancelled.

(1) Mainly non-governmental organisations such as Caritas, Oxfam, Ecumenical Church Council,.....

9.4 Closure of the accounts

9.4.1 Verifications

Each food aid measure is the subject of a statement of expenditure drawn up by the intervention agency concerned in accordance with the procedures laid down in the Financial Regulations.

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

This scrutiny is then followed by inspection visits to the paying agencies. Twenty working days were spent on such visits of which four were by Financial Control.

9.4.2 Audit and clearance of the accounts

The development and diversification of food aid measures meant increased work for the Commission staff with the result that the audit and clearance of accounts has proceeded more slowly.

Priority was given to the 1974 accounts amounting to some 105.5 M ua. The Commission decisions on clearance were issued in November 1977¹.

The Commission has received the requests from the Member States concerning the 1975 accounts and the work on verification which commenced during 1977 will continue in 1978.

¹ OJ No L 313, 7 December 1977.

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ANNEX GI
SUMMARY OF IMPLEMENTATION FOR THE 1977 FINANCIAL YEAR

: APPROPRIATIONS :	: IMPLEMENTATION :	: M u. a. :	: % UTILIZATION :
: A. <u>APPROPRIATIONS FOR THE YEAR</u> :	: C. <u>COMMITMENTS</u> :		
: 1. Initial appropriations : 6.167,4 :	: 1. Global commitments : 7.078,8 :		99,7 :
: 2. Supplementary budget :	: - amounts specifically committed : 6.570,0 :		
: a) supplementary appropriations : 714,4 :	: - balance of global commitments :		
: b) transfers Chapter 100 : 219,8 :	: . carried over to 1978 : - :		
: 3. Transfer ¹ :	: . lapsed : 508,8 :		
: 3. Transfer ¹ : 1,5 :	: 2. Amount not committed : 24,3 :		0,3 :
: <u>Total</u> : 7.103,1 :	: <u>Total</u> : 7.103,1 :		100 :
: B. <u>APPROPRIATIONS FROM THE</u> :	: D. <u>PAYMENTS</u> :		
: <u>PREVIOUS YEAR</u> :	: 1. Application of carryover from 1976 :		
: - Automatic carryover from 1976 : 585,4 :	: - Payments a) from automatic carryover : 503,5 :		
: - Non-automatic carryover from :	: b) from non-automatic carryover : 92,4 :		
: 1976 : 92,4 :	: - Lapsed : 81,9 :		
: <u>Total</u> : 677,8 :	: Total carryover from 1976 : 677,8 :		8,7 :
	: 2. Application of 1977 appropriations :		
	: a) Payments : 5.570,9 :		71,6 :
	: b) Carryover to 1978 :		
	: . Appropriations specifically committed and :		
	: automatically carried over to 1978 : 999,1 :		
	: . Appropriations globally committed and :		
	: automatically carried over to 1978 : - :		
	: . Appropriations unused: non-automatic :		
	: carryover to 1978 : 23,7 :		
	: Total carryover from 1977 to 1978 : 1.022,8 :		13,1 :
	: 3. Appropriations lapsed :		
	: . from global commitments : 508,8 :		
	: . not from global commitments : 0,6 :		
	: Total appropriations lapsed : 509,4 :		6,6 :
: <u>Total</u> : 7.780,9 :	: <u>Total</u> : 7.780,9 :		100 :

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¹ This is a transfer from title to title which affected the total sum available under Titles 6 and 7.

ANNEX GII

UTILIZATION OF APPROPRIATIONS FOR COMMITMENT

u.a.

Nomenclature		Appropriations available for 1977 ¹	Utilisation in 1977		Appropriations available at 31.12.77
			Specific commitments in 1977	% utilization	
1	2	3	4	5	
chap.	sector				
60	cereals	634.513.000	586.652.155	92,46	47.860.845
61	rice	22.144.000	13.862.041	62,60	8.281.959
62	dairy products	2.599.898.000	2.544.966.025	97,89	54.931.975
63	oils/fats	356.600.000	304.997.736	85,53	51.602.264
64	sugar	545.500.000	536.677.738	98,38	8.822.262
65	beef/veal	495.400.000	410.846.023	82,93	84.553.977
66	pigmeat	45.000.000	31.868.727	70,82	13.131.273
67	eggs/poultrymeat	25.000.000	22.284.163	89,14	2.715.837
68	fruit/vegetables	187.500.000	186.228.564	99,32	1.271.436
69	wine	109.000.000	90.918.813	83,41	18.081.187
70	tobacco	209.000.000	205.284.649	98,22	3.715.351
71	fishery products	10.000.000	7.904.093	79,04	2.095.907
72	alcohol	p.m.	-		
73	other sectors	54.400.000	51.380.129	94,45	3.019.871
74	refunds on processed products	128.000.000	124.147.057	96,99	3.852.943
75	acc. comp. amount	200.000.000	174.929.919	87,46	25.070.081
78	MCAs	970.000.000	859.937.628	88,65	110.062.372
79	dual rate	603.500.000	509.490.094	84,42	94.009.906
Total		7.195.455.000	6.662.375.554	92,59	533.079.446
Total appropriations available for 1977 ¹		7.195.455.000			
Total specific commitments		6.662.375.554			
Global commitments		7.171.169.872			
Total commitments available		508.794.318			

(1) Including non-automatic carryover of 92 355 265.43 u.a. (food aid) to finance expenditure for the 1977 financial year.

ANNEX G III

UTILIZATION OF APPROPRIATIONS COMMITTED FOR PAYMENT

U.S.

Appropriations specifically committed in 1977			
	from carryover from 1976 (non-automatic)	from 1977 appropriations	total
1	2	3	4
chap. Sector			
60 cereals	27.995.985	558.656.170	586.652.155
61 rice	1.144.486	12.717.555	13.862.041
62 dairy products	63.214.794	2.481.751.231	2.544.966.025
63 oils/fats		304.997.736	304.997.736
64 sugar		536.677.738	536.677.738
65 beef/veal		410.846.023	410.846.023
66 pigmeat		31.868.727	31.868.727
67 eggs/poultrymeat		22.284.163	22.284.163
68 fruit/vegetables		186.228.564	186.228.564
69 wine		90.918.813	90.918.813
70 tobacco		205.284.649	205.284.649
71 fishery products		7.904.093	7.904.093
72 alcohol		-	-
73 other sectors		51.380.129	51.380.129
74 ref. on proc. products		124.147.057	124.147.057
75 acc. comp. amounts		174.929.919	174.929.919
78 MCAs		859.937.628	859.937.628
79 dual rate		509.490.094	509.490.094
Total	92.355.265	6.570.020.289	6.662.375.554

Payments made in 1977			Committed appropriations unused at 31.12.1977	
from carryover from 1976 (non-automatic)	from 1977 appropriations	total	from carryover from 1976	from 1977 appropriations
5	6	7	8	9
27.995.985	378.297.481	406.293.466	-	180.358.689
1.144.486	12.717.555	13.862.041	-	-
63.214.794	2.465.643.688	2.528.858.482	-	16.107.543
	92.993.643	92.993.643		212.004.093
	536.677.738	536.677.738		-
	354.923.130	354.923.130		55.922.893
	30.926.903	30.926.903		941.824
	22.284.163	22.284.163		-
	58.572.860	58.572.860		127.655.704
	64.293.030	64.293.030		26.625.783
	100.711.327	100.711.327		104.573.322
	7.867.782	7.867.782		36.311
	-	-		-
	49.230.028	49.230.028		2.150.101
	124.147.057	124.147.057		-
	174.929.919	174.929.919		-
	859.937.628	859.937.628		-
	236.804.896	236.804.896		272.685.198
92.355.265	5.570.958.828	5.663.314.093	-	999.061.461

ANNEX G IV

UTILIZATION OF APPROPRIATIONS AUTOMATICALLY CARRIED OVER FOR PAYMENT

u.a.

Nomenclature	Appropriations automatically carried over available in 1977	Payments made in 1977 from appropriations automatically carried over	Appropriations unused at 31 Dec. 1977
Automatic carryover (global)	56.181.519,72	3.082.342,99	53.099.176,73
Automatic carryover AIMA	529.196.386,39	500.443.154,10	28.753.232,29
Total	585.377.906,11	503.525.497,09	81.852.409,02

ANNEX G V

ADVANCES AND FUNDS AVAILABLE IN MEMBER STATES FOR 1977

u.a.

DATE OF DECISION	BELGIUM	DENMARK	GERMANY	FRANCE	IRELAND	ITALY	LUXEMBOURG	NETHERLANDS	UNITED KINGDOM	EEC TOTAL
17.12.76	25.000.000,-	49.000.000,-	117.000.000,-	210.000.000,-	45.000.000,-	120.000.000,-	1.140.000,-	80.000.000,-	39.000.000,-	686.140.000,-
19. 1.77	32.000.000,-	53.000.000,-	47.000.000,-	140.000.000,-	14.000.000,-	135.000.000,-	100.000,-	70.000.000,-	12.000.000,-	503.100.000,-
17. 2.77	46.000.000,-	53.500.000,-	104.300.000,-	83.000.000,-	24.000.000,-	129.000.000,-	1.280.000,-	68.000.000,-	43.000.000,-	552.080.000,-
18. 3.77	58.800.000,-	53.500.000,-	140.400.000,-	173.000.000,-	44.000.000,-	30.000.000,-	200.000,-	87.500.000,-	18.000.000,-	605.400.000,-
19. 4.77	38.000.000,-	53.000.000,-	146.500.000,-	87.000.000,-	55.000.000,-	70.000.000,-	660.000,-	67.500.000,-	5.000.000,-	522.660.000,-
18. 5.77	30.000.000,-	49.000.000,-	84.300.000,-	87.100.000,-	63.000.000,-	72.000.000,-	3.000.000,-	75.000.000,-	28.000.000,-	491.400.000,-
10. 6.77	-	-	-	-	-	64.000.000,-	-	-	-	64.000.000,-
14. 6.77	20.000.000,-	52.000.000,-	100.000.000,-	95.000.000,-	68.000.000,-	130.000.000,-	300.000,-	75.000.000,-	42.000.000,-	582.300.000,-
13. 7.77	34.000.000,-	59.000.000,-	76.000.000,-	204.000.000,-	70.000.000,-	120.000.000,-	-	72.000.000,-	36.000.000,-	671.000.000,-
27. 7.77	29.000.000,-	62.000.000,-	101.000.000,-	153.000.000,-	53.000.000,-	160.000.000,-	180.000,-	124.000.000,-	39.000.000,-	721.180.000,-
23. 8.77	-	-	30.000.000,-	-	-	-	-	-	-	30.000.000,-
13. 9.77	39.000.000,-	45.000.000,-	111.000.000,-	167.000.000,-	25.000.000,-	96.000.000,-	1.200.000,-	50.000.000,-	40.000.000,-	574.200.000,-
13.10.77	56.300.000,-	49.500.000,-	88.300.000,-	152.000.000,-	90.000.000,-	-	260.000,-	50.000.000,-	43.000.000,-	529.360.000,- ¹⁾
20.10.77	72.000,-	1.300.000,-	7.260.000,-	5.400.000,-	-	-	36.000,-	1.860.000,-	5.100.000,-	21.028.000,-
15.11.77	17.900.000,-	50.500.000,-	121.500.000,-	144.500.000,-	35.000.000,-	-	170.000,-	90.000.000,-	19.900.019,20	479.470.019,20
TOTAL ADVANCED	426.072.000,-	630.300.000,-	1.274.560.000,-	1.701.000.000,-	586.000.000,-	1.126.000.000,-	8.526.000,-	910.860.000,-	370.000.019,20	7.033.318.019,20
AVAILABLE FUNDS AT 1.1.77	171.147,10	529.477,49	81.854,46	534.130,24	723.693,65	131.454.850,56	88.435,58	148.866,22	4.199.397,22	137.851.852,52
TOTAL AVAILABLE FUNDS	426.243.147,10	630.829.477,49	1.274.641.854,46	1.701.534.130,24	586.723.693	1.257.454.850,56	8.614.435,58	911.008.866,22	374.119.416,42	7.171.169.871,72

1) These figures represent on the 60% to be charged to the Guarantee Section of the EAGGF - Regulation 1078/77 (advances under the system of premiums for the non-marketing of milk and dairy products and the conversion of dairy herds).

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ANNEX G VI
FUNDS AVAILABLE IN THE MEMBER STATES FOR 1977

U.S.

MEMBER STATE		JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	MEAN
BELGIUM	A	0,1												
	B	25,-	32,-	46,-	58,8	38,-	30,-	20,-	34,-	29,-	39,-	56,4	17,9	35,5
	C	25,1	23,9	37,8	56,5	45,6	46,7	31,3	39,2	35,-	41,8	52,2	32,5	39,-
	D	33,2	32,1	40,1	48,9	28,9	35,4	26,1	33,2	33,2	46,-	37,6	24,9	34,9
	E	8,1	8,2	2,3	7,6	16,7	11,3	5,2	6,-	2,8	4,2	14,6	7,6	4,1
DENMARK	A	0,6												
	B	49,-	53,-	53,5	53,5	53,-	49,-	52,-	59,-	62,-	45,-	50,8	50,5	52,5
	C	49,6	57,1	56,1	54,5	57,5	58,9	42,3	48,6	56,4	61,5	59,4	47,8	54,1
	D	45,5	54,5	55,1	50,-	47,6	68,6	52,7	54,2	39,9	52,9	62,1	41,7	52,-
	E	4,1	2,6	1,-	4,5	9,9	9,7	10,4	5,6	16,5	8,6	2,7	6,1	2,1
GERMANY	A	PH												
	B	117,-	47,-	104,3	140,4	146,5	84,3	100,-	76,-	131,-	111,-	95,6	121,5	106,2
	C	117,-	76,6	83,4	109,9	154,6	137,9	148,1	119,7	138,1	146,7	145,3	153,5	127,6
	D	87,4	97,5	113,9	101,8	101,-	89,8	104,4	112,6	102,4	97,-	113,3	124,8	103,8
	E	29,6	20,9	30,5	8,1	53,6	48,1	43,7	7,1	35,7	49,7	32,-	28,7	23,8
FRANCE	A	0,5												
	B	210,-	140,-	83,-	173,-	87,-	87,1	95,-	204,-	153,-	167,-	157,4	144,5	141,8
	C	210,5	255,6	173,2	204,8	182,9	172,8	117,5	179,7	193,8	207,4	240,5	266,6	200,4
	D	94,9	165,4	141,4	108,9	97,2	150,3	141,8	138,9	153,4	124,3	118,4	137,5	131,-
	E	115,6	90,2	31,8	95,9	85,7	22,5	24,3	40,8	40,4	83,1	122,1	129,1	69,4
IRELAND	A	0,7												
	B	45,-	14,-	24,-	44,-	55,-	63,-	68,-	70,-	53,-	25,-	90,-	35,-	48,8
	C	45,7	32,-	28,4	38,7	53,7	60,-	63,-	79,1	66,1	21,-	61,9	37,-	48,9
	D	27,7	27,6	33,7	40,-	56,7	65,-	53,9	66,-	70,1	49,1	59,9	38,4	49,-
	E	18,-	4,4	5,3	1,3	3,-	5,-	9,1	13,1	4,-	28,1	2,-	1,4	0,1
ITALY	A	131,5												
	B	120,-	135,-	129,-	30,-	70,-	136,-	130,-	120,-	160,-	96,-	-	-	93,9
	C	251,5	326,6	358,6	244,5	203,1	253,2	278,8	306,9	293,1	297,5	224,4	144,6	265,2
	D	59,9	97,-	144,1	111,4	85,9	104,4	91,9	173,8	91,6	73,1	79,8	147,1	80,5
	E	191,6	229,6	214,5	133,1	117,2	148,8	186,9	133,1	201,5	224,4	144,6	291,7	184,7
LUXEMBOURG	A	0,09												
	B	1,14	0,10	1,23	0,20	0,66	3,-	0,30	-	0,18	1,20	0,29	0,17	0,71
	C	1,23	0,53	0,49	0,27	0,48	2,96	2,85	2,42	1,81	0,34	0,35	0,26	1,17
	D	0,80	1,32	0,42	0,45	0,52	0,41	0,43	0,79	2,67	0,28	0,26	0,29	0,67
	E	0,43	0,79	0,07	0,18	0,04	2,55	2,42	1,63	0,86	0,06	0,09	0,55	0,50
NETHERLANDS	A	0,2												
	B	80,-	70,-	68,-	87,5	67,5	75,-	75,-	72,-	124,-	50,-	51,8	90,-	75,9
	C	80,2	77,4	75,8	82,1	76,-	82,2	71,5	65,2	116,2	99,6	83,5	99,2	84,1
	D	72,8	69,6	81,2	73,6	68,8	85,7	78,3	73,-	66,6	67,9	74,3	75,5	74,-
	E	7,4	7,8	5,4	8,5	7,2	3,5	6,8	7,8	49,6	31,7	9,2	23,7	10,1
UNITED KINGDOM	A	4,2												
	B	39,-	12,-	43,-	18,-	5,-	28,-	42,-	36,-	39,-	40,-	48,1	19,9	30,8
	C	43,2	24,1	51,7	53,8	39,3	25,2	32,3	40,2	40,2	45,4	58,8	43,8	41,5
	D	31,1	15,4	15,9	19,5	42,1	34,9	28,1	39,-	34,8	34,7	34,9	21,-	29,3
	E	12,1	8,7	35,8	34,3	2,8	9,7	4,2	1,2	5,4	10,7	23,9	22,8	12,2
EEC TOTAL	A	137,9												
	B	686,1	503,1	552,1	605,4	522,7	555,4	582,3	671,-	751,2	574,2	550,4	479,4	586,1
	C	824,-	873,8	865,5	845,1	813,2	839,9	787,7	881,-	940,7	921,3	926,4	825,2	862,-
	D	453,3	560,4	625,8	554,6	528,7	634,5	577,7	691,5	593,6	545,3	580,6	316,4	552,2
	E	370,7	313,4	239,7	290,5	284,5	205,4	210,-	189,5	347,1	376,-	345,8	508,8	306,8

- A = Balance at 31.12.1976
- B = Advances for the month
- C = Total available for the month
- D = Expenditure for the month
- E = Balance still available

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

ANNEX G VII

EXPENDITURE CHARGED FOR THE 1977 FINANCIAL YEAR

'M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
CEREALS	33,656	10,137	184,988	169,746	0,487	135,746	0,227	47,218	4,447	586,652
REFUNDS	28,302	9,060	88,266	136,507	0,457	33,440	0,147	28,330	1,162	325,671
Refunds	22,857	9,060	69,853	113,317	0,457	27,462	0,147	27,847	1,162	272,162
Community food aid 1977				9,727						9,727
Community food aid under preced. prog.	5,445		18,413	13,463		5,978		0,483		43,782
INTERVENTION	5,354	1,077	96,722	33,239	0,030	102,306	0,080	18,888	3,285	260,981
Premiums for the incorporation of wheat in animal feed			- 0,102							- 0,102
Production refunds for potato starch		1,151	1,869	1,669				11,147		15,836
Other production refunds	5,325		11,805	15,614	0,030	8,171		7,743	3,285	51,973

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
Aid for durum wheat				5,236		164,875				170,111
Carryover payments			- 0,002			0,012				0,010
Buying-in and subsequent operations	0,029	- 0,074	83,245	8,619		- 70,782	0,080	- 0,002		21,115
Special intervention measures			- 0,093	1,537						1,444
Other intervention				0,564		0,030				0,594
RICE	0,062	0,003	0,587	0,045		12,870		0,293	0,002	13,862
REFUNDS	0,000	0,003	0,553	0,045		12,855		0,258	0,002	13,716
Refunds	0,000	0,003	0,553	0,045		6,023		0,258	0,002	6,884
Common measure food aid 1977:						3,217				3,217
Common measure food aid preced. prog.						3,615				3,615
INTERVENTION	0,062		0,034			0,015		0,035		0,146

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether- Lands	United Kingdom	EEC TOTAL
MILK/DAIRY PRODUCTS	215,608	218,580	621,177	700,030	131,862	- 1,171	7,538	522,885	128,457	2.544,966
REFUNDS	158,437	139,208	144,052	301,278	99,901	9,884	1,073	363,333	19,802	1.236,968
Refunds	126,788	139,208	74,812	278,051	92,425	9,884	0,424	345,510	19,802	1.086,904
Common measures food aid in 1977	1,783		8,844							10,627
Common measures food aid under preced. prog.	29,866		60,396	23,226	7,477		0,649	17,823		139,437
INTERVENTION/SKIMMED MILK	47,984	71,619	343,782	342,567	24,038	- 1,311	2,070	133,004	33,019	996,772
Aid skimmed milk powder - animal feed	12,797	6,674	105,662	231,190	9,306	3,378	0,220	77,608	11,622	458,457
Aid liquid skimmed milk - animal feed	16,685	59,513	83,033	2,848	1,292	1,566	0,220	1,626	9,108	175,891
Aid skimmed milk processed into casein		1,274	25,588	37,182	14,831			30,395	3,046	112,316

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether- lands	United Kingdom	EEC TOTAL
Private storage										
Public storage and special disposal measures	18,502	4,158	129,499	71,347	- 1,391	- 6,255	1,630	23,375	9,243	250,108
Food aid from public stocks of skimmed milk powder										
Other intervention										
INTERVENTION/BUTTER & CREAM	9,871	8,383	135,178	57,428	8,980	-20,908	4,365	29,340	79,270	311,907
Private storage	2,430	0,015	6,779	11,116	1,031		0,127	7,454	7,491	36,443
Public storage and special disposal measures	7,441	6,188	124,724	39,127		- 20,908	4,098	21,886	3,944	186,500
Special measures for absorbing surpluses of butter fats		2,180	3,675	7,185	7,949		0,140		67,835	88,964
Food aid - public stocks of butter										
Other intervention										

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether- Lands	United Kingdom	EEC TOTAL
INTERVENTION/OTHER DAIRY PROD.			0,039	3,699		11,164				14,902
Storage of cheese			0,039	3,699		11,164				14,902
Participation school milk										
Other intervention										
Non-marketing & conversion premiums	0,073	0,725	3,900	0,029			0,036	0,549	0,888	6,200
Financial participation by milk producers	- 0,757	- 1,355	- 5,774	- 4,970	- 1,508		- 0,006	- 3,341	- 4,522	-21,783
OILS/FATS	0,578	0,692	28,360	33,482		227,404		2,973	11,509	304,998
REFUNDS/OLIVE OIL				0,004		0,002			0,005	0,011
INTERVENTION/OLIVE OIL	0,001			1,847		219,762				221,610
Production aid				1,022		204,054				205,076
Storage						9,172				9,172
Other intervention	0,001			0,825		6,536				7,362

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
REFUNDS/COLZA, RAPE, SUNFLOWER			0,004	0,897				0,057		0,958
INTER./COLZA, RAPE, SUNFLOWER	0,046	0,680	28,356	26,708		7,225		2,544	11,504	77,063
Production aid	0,046	0,679	28,355	26,708		7,225		2,544	11,504	77,061
Storage		0,001	0,001							0,002
Other intervention										
INTERVENTION/OTHER SEEDS (ITEM 1201)	0,531	0,012		4,026		0,415		0,372		5,356
Aid for cotton seeds						0,410				0,410
Aid for soya seeds				0,208		0,005				0,213
Aid for flax seed	0,531	0,012		3,818				0,372		4,733
SUGAR	80,041	34,054	107,289	233,371	2,103	26,144		39,081	14,595	536,678
REFUNDS/SUGAR	67,033	27,315	67,637	174,928	0,006	0,001		26,100	0,241	363,261
Refunds	67,033	27,315	67,230	174,628	0,006	0,001		26,100	0,241	362,554

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
Refunds Community food aid 1977			0,407	0,300						0,707
Refunds Community food aid under preced. prog.										
INTERVENTION/SUGAR	13,008	6,739	39,652	58,443	2,097	26,143		12,981	14,354	173,417
Denaturing premiums			0,357	0,134				0,028	0,004	0,523
Refunds for use in the chemical industry						- 0,005				- 0,005
Reimbursement of storage costs	12,069	6,739	39,483	50,293	2,097	26,148		12,953	11,808	161,590
Public storage	0,939		- 0,188	0,823						1,574
Measures for sugar produced in French overseas depts.				7,182					2,542	9,724
Sugar import subsidy				0,011						0,011
Other intervention										

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
BEEF/VEAL	12,400	40,173	154,399	59,241	80,055	7,514	0,027	35,105	21,932	410,846
REFUNDS	7,965	11,037	36,659	27,034	19,864	0,282		10,135	1,224	114,200
Refunds	7,965	11,037	36,659	27,034	19,864	0,282		10,135	1,224	114,200
Refunds Community food aid										
INTERVENTION/STORAGE	4,428	29,142	117,836	32,209	60,084	-45,119	0,027	24,971	16,038	239,616
Private storage	3,649	1,335	14,808	13,351	9,502	3,571	0,022	1,783	13,815	61,836
Public storage	0,779	27,807	103,028	18,858	50,582	-48,690	0,005	23,188	2,223	177,780
OTHER INTERVENTION	0,007	- 0,006	- 0,096	- 0,002	0,107	52,351		- 0,001	4,670	57,030
Aid for social purposes				0,001					0,000	0,001
Premiums for orderly market- ing & slaughter of beef cattle	0,007	- 0,006	- 0,096		0,107			- 0,001	4,566	4,577
Premiums for reconstitution of herds				- 0,003		52,351				52,348
Other									0,104	0,104

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Netherlands	United Kingdom	EEC TOTAL
PIGMEAT	1,771	17,920	2,395	0,553	0,286	0,999	0,000	7,712	0,233	31,869
REFUNDS	0,684	17,135	1,615	0,030	0,265	0,057	0,000	5,141	0,000	24,927
INTERVENTION	1,087	0,785	0,780	0,523	0,021	0,942		2,571	0,233	6,942
EGGS/POULTRYMEAT	1,307	4,425	4,190	6,447		0,145	0,000	5,520	0,250	22,284
REFUNDS ON EGGS	0,324	0,254	1,721	0,368		0,136	0,000	1,964	0,075	4,842
REFUNDS ON POULTRYMEAT	0,983	4,171	2,469	6,079		0,009	0,000	3,556	0,175	17,442
FRUIT/VEGETABLES	0,838	0,848	0,670	10,675	0,126	170,206		1,968	0,898	186,229
REFUNDS	0,088	0,848	0,432	6,056	0,126	42,550		0,999	0,874	51,973
Refunds on fresh fruit and vegetables	0,071	0,586	0,318	5,188		24,028		0,843	0,002	31,036
Refunds on products processed from fruit and vegetables	0,017	0,262	0,114	0,868	0,126	18,522		0,156	0,872	20,937
INTERVENTION/FRESH FRUIT & VEGETABLES	0,750		0,238	1,017		127,656		0,969	0,024	130,654

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
Withdrawal compensation and buying-in	0,750		0,238	0,951		101,574		0,969	0,024	104,506
Processing & distribution				0,011		0,036				0,047
Compensation for promotion of Community citrus fruits				0,055		17,159				17,214
Compensation for processing oranges						8,887				8,887
Other intervention										3,602
INTERVENTION/PROCESSED PRODS.				3,602						
WINE	0,001		0,319	64,034		26,461	0,104			90,919
REFUNDS	0,001		0,033	1,237		0,165				1,106
INTERVENTION			0,286	55,355		26,606	0,104			82,351
Aid for private storage			0,026	24,242		11,688	0,104			36,060
Aid for restorage of tables wines			0,000	0,964		0,169				1,133

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether- Lands	United Kingdom	EEC TOTAL
Distillation of wine			0,272	30,012		14,749				45,033
Other intervention			- 0,012	0,137		0,000				0,125
OTHER EXPENDITURE				7,442		0,020				7,462
Obligatory distillation of by-products of winemaking				7,442		0,020				7,462
TOBACCO	1,807		16,370	72,205		114,898		0,004		205,284
REFUNDS			0,105			4,393		0,004		4,502
INTERVENTION	1,807		16,265	72,205		110,505				200,782
Premiums	1,807		15,113	72,205		104,574				193,699
Storage and other interven.			1,152			5,931				7,083
FISHERIES	0,439	1,211	1,895	0,929	0,232	0,037		1,163	1,998	7,904
REFUNDS	0,241	1,036	0,653	0,096	0,025			0,656	0,590	3,297
INTERVENTION	0,198	0,175	1,242	0,833	0,207	0,037		0,507	1,408	4,607

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
Withdrawals and buying-in										
Aid for private storage										
Other intervention										
ALCOHOL										
Alcohol										
OTHER COMMON MARKET ORGAN.	2,717	7,581	8,623	20,275	0,222	2,150	0,007	5,609	4,196	51,380
INTERVENTION/FLAX AND HEMP	1,702		0,005	10,060	0,000	0,569		1,091	0,395	13,822
SEEDS	0,653	5,699	1,300	3,182	0,076	0,002	0,007	3,293	1,874	16,086
HOPS	0,319		5,894	0,868	0,026				1,111	8,218
SILKWORMS				0,008		0,329				0,337
DEHYDRATED FODDER	0,043	1,882	1,424	6,157	0,120	1,250		1,225	0,816	12,917
POTATOES										

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
SHEEPMEAT										
OTHER										
Refunds on certain goods obtained from processing agricultural products	9,601	19,031	12,852	8,483	10,455	6,590	0,038	31,067	26,030	124,147
ACCESSION COMPENSATORY AMOUNTS INTRA	12,012	42,682	21,498	32,649	8,282	9,210	0,138	48,407	0,052	174,930
MONETARY COMPEN. AMOUNTS	51,263	196,267	143,829	138,195	124,483	-34,622	0,088	195,039	45,396	859,938
INTRA-COMMUNITY TRADE (1)	45,529	196,267	96,578	137,166	123,434	-35,958	0,074	183,047	-96,000	650,137
MCAs on import paid or charged by importing Member States	- 5,614	0,046	-157,970	165,092	8,667	12,281	- 0,161	- 8,243	6,423	20,521
MCAs on import paid by exporting Member States	40,946	196,795	133,260	262,131	187,976		0,138	163,440		984,686
MCAs on export paid or charged by exporting Member States	10,197	- 0,574	121,288	-290,057	-73,209	-48,239	0,097	27,850	-102,423	-355,070
EXTRA COMMUNITY TRADE	5,734		47,251	1,029	1,049	1,336	0,014	11,992	141,396	209,801

M u.a.

Item	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Nether-lands	United Kingdom	EEC TOTAL
Portion of MCAs on imports over and above levy				1,029	1,049	1,336			141,396	144,810
MCAs on exports	5,734		47,251				0,014	11,992		64,991
EXPENDITURE RESULTING FROM APPLICATION OF DIFFERENT EXCHANGE RATES	- 5,443	31,176	-63,548	22,045	229,554	261,206	- 105	-56,776	91,380	509,489
GRAND TOTALS (1)	418,658	624,780	1.245,893	1.572,405	588,147	965,787	8,062	887,268	351,375	6.662,375
f which: Refunds (2)	279,393	229,098	404,302	664,071	132,148	111,370	1,272	483,592	191,576	2.496,822
First-category intervention (without MCAs or dual rate)	71,489	130,160	367,099	609,982	53,821	761,010	1,007	208,959	149,010	2.352,537
Second-category intervention	27,690	38,079	441,462	139,141	49,190	-131,841	5,814	68,446	15,409	653,390

(1) Without taking into account corrections relating to the breakdown of expenditure by Member State under the system whereby the exporting Member State pays MCAs for the importing Member State in intra-Community trade. Amounts paid under this system are entered on the line "MCAs on import" under the name of the Member State making the payment. For these corrections, see Table 3 page 19.

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

ANNEX G VIII
BREAKDOWN OF EXPENDITURE BY ECONOMIC CATEGORY - 1977 FINANCIAL YEAR (M u.s.) (a)

SECTOR	TOTAL EXPENDITURE	Breakdown according to economic nature of operations					Total
		EXPORT REFUNDS	INTERVENTION			Total	
			Storage (9)	Withdrawal and similar operations	Price compensatory measures		
a	b	c	d	e	f	g = d+e+f	
A. Cereals	586,7	325,7	21,1	-	239,9(1)	261,0	
Rice	13,9	13,7	-	-	0,2	0,2	
Milk products	2.545,0	1.237,0	488,0	-	6,2(2)	1.308,0	
Oils and fats, including	305,0	1,0	9,2	-	294,8	304,0	
- olive oil	221,6	-	9,2	-	212,4(4)	221,6	
- oilseeds	78,0	1,0	-	-	77,1	77,1	
- flax seed	4,7	-	-	-	4,7	4,7	
Sugar	536,7	363,3	163,2	-	10,2	173,4	
Beef and veal	410,8	114,2	239,6	-	57,0	296,6	
Pigmeat	31,9	24,9	7,0	-	-	7,0	
Eggs and poultrymeat	22,3	22,3	-	-	-	-	
Fruit and vegetables	186,2	52,0	-	104,5	29,7(6)	134,2	
Wine	90,9	1,1	36,1	-	52,5(7)	89,8	
Tobacco	205,3	4,5	7,1	-	193,7	200,8	
Fisheries	7,9	3,3	-	4,6	-	4,6	
Flax and hemp	13,8	-	-	-	13,8	13,8	
Seeds	16,1	-	-	-	16,1	16,1	
Hops	8,2	-	-	-	8,2	8,2	
Silkworms	0,3	-	-	-	0,3	0,3	
Dehydrated fodder	12,9	-	-	-	12,9	12,9	
Refunds on processed non-Annex II prods.	124,2	124,2	-	-	-	-	
Total A	5.118,1	2.287,2	971,3	167,8	1.691,8	2.830,9	
%	100,0	44,7	18,8	3,3	33,2	55,3	
B. Accession compensatory amounts	174,9	-	-	-	174,9	174,9	
C. Monetary compensatory amounts							
- intra-Community trade	650,1	-	-	-	650,1	650,1	
- trade with third countries	209,8	209,8	-	-	-	-	
D. Effect of dual rate	509,5	-	-	-	509,5	509,5	
Grand total	6.662,4	2.496,9	971,3	167,8	3.026,3	4.165,4	
%	100	37,5	14,5	2,5	45,5	62,5	

(a) For footnotes see next page

Footnotes to Annex G VIII

- (1) Including: production refunds (67.8 M ua) + aid for durum wheat (170.1 M ua) + other (2 M ua).
- (2) Premiums for non-marketing of milk and conversion of dairy herds.
- (3) This figure takes into account charging the coresponsibility levy of 21.8 M ua which, by virtue of Article 5 of Council Regulation No 1079/77, is considered as part of intervention.
- (4) Production aid (205.1 M ua) + other intervention (7.3 M ua).
- (5) Premiums for restocking of (52.3 M ua) + premiums for the orderly marketing and slaughter of beef cattle (4.6 M ua).
- (6) Promotion of Community citrus fruits (17.2 M ua) + processing of oranges and lemons (8.9 M ua) + intervention in respect of products processed from fruit and vegetables (3.6 M ua).
- (7) Obligatory distillation of the by-products of winemaking (7.5 M ua) + distillation (45 M ua).
- (8) Aid for restorage of table wine (1.2 M ua).
- (9) Private and public storage, including certain disposal measures. Details of expenditure on storage are given in Annex G IX.

ANNEX G IX

Breakdown of intervention in respect of storage costs in 1977

M u.a.

Sector	Private storage	Public storage	including		
			Technical costs	Financing costs	Difference bet- ween buying-in & selling prices
1	2	3	4	5	6
Cereals	-	21,1	28,1	20,4	- 27,4
Milk products	51,3	436,6	48,2	101,6	301,7 (1)
Oils and fats	-	9,2	6,1	4,6	- 1,5
Sugar	161,6	1,6	1,4	1,4	- 1,2
Beef and veal	61,8	177,8	62,3	43,0	72,5
Pigmeat	7,0	-	-	-	-
Wine	36,1	-	-	-	-
Tobacco	-	7,1	1,1	2,3	3,7
TOTAL	317,8	653,4	147,2	173,3	347,8

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

ANNEX G X

Products in public storage on 31.12.1977

PRODUCT	QUANTITY (TONNES)	VALUE (u.a.) (1)
COMMON WHEAT	985.730,786	146.172.986,84
BARLEY	68.861,568	8.693.210,34
RYE	429.593,142	58.274.791,34
DURUM WHEAT	211.175,739	47.656.493,56
MILK POWDER	987.589,650	904.374.668,05
BUTTER	142.130,253	307.207.896,28
OLIVE OIL	49.446,210	66.957.490,97
OILSEEDS	1.401,511	405.943,69
FROZEN BEEF	214.726,700	373.517.079,54
BONED BEEF	102.106,227	248.240.827,50
PRESERVED BEEF	53.017,959	98.890.492,78
TOBACCO	16.384,984	38.951.014,57
EEC TOTAL		2.299.342.895,46

- (1) The value has been obtained by in all cases applying the intervention price applicable on 1 January 1978. Values in national currencies have been converted into Agricultural units of account.

Expenditure of the Guarantee Section of the EAGGF by sector (1)

in M u.a.

SECTOR	1972 2)	1973 2)	1974	1975	1976	1977
CEREALS	979,0	953,0	399,7	620,8	609,9	586,7
Refunds	613,5	468,8	76,1	343,6	380,9	325,7
Intervention, of which	365,5	484,2	323,6	277,2	229,0	261,0
- Denaturing premium	76,0	121,1	17,3	0,4	0,5	0,1
- Production refund	127,-	167,5	189,8	89,4	36,1	15,8
- Aid for durum wheat	106,4	30,-	83,3	130,7	114,4	170,1
RICE	50,3	11,2	1,2	4,2	26,9	13,9
Refunds	47,8	10,5	0,5	3,6	26,6	13,7
Intervention	2,5	0,7	0,7	0,7	0,3	0,2
DAIRY PRODUCTS	598,6	1458,5	1219,2	1149,8	2051,5	2545,0
Refunds	164,2	328,1	342,0	328,5	697,4	1237,0
Intervention, of which:	434,4	1130,4	877,2	821,3	1354,1	1308,0
- Aid for skimmed milk	236,1	349,3	481,0	511,5	603,2	634,3
- Aid for casein	31,2	57,2	82,0	61,9	89,8	112,3
- Storage and special measures	155,1	667,7	228,5	184,2	661,1	250,1
- Food aid	-	-	85,4	-	-	-
OILS AND FATS	271,7	363,0	141,0	231,4	309,0	305,0
Refunds	5,5	2,5	0,8	0,7	10,0	1,0
Intervention, of which:	266,2	360,5	140,2	230,7	299,0	304,0
- Aid for olive oil	166,1	280,6	129,6	203,7	191,1	205,1
- Aid for colza,rape and sunflower seeds	100,0	79,7	10,3	25,4	85,7	77,1
SUGAR	161,4	127,1	108,8	309,2	226,5	536,7
Refunds	69,9	51,6	8,0	37,1	55,8	363,3
Intervention, of which:	91,5	75,5	100,8	272,1	170,7	173,4
- Reimbursement of storage costs	83,4	70,0	76,8	91,8	145,2	161,6
BEEF AND VEAL	7,9	16,1	324,4	980,0	643,2	410,8
Refunds	7,9	2,7	55,5	144,2	135,7	114,2
Intervention, of which:	-	13,4	268,9	35,8	507,5	296,6
- Public and private storage	-	-	250,3	438,2	350,8	239,6
- Orderly marketing premiums	-	-	16,3	273,9	87,2	4,6
- Premium for restocking of herds	-	-	-	85,6	69,3	52,3
PIGMEAT	56,0	90,6	66,5	53,8	27,9	31,9
Refunds	55,8	90,6	55,5	39,4	22,2	24,9
Intervention	0,2	-	11,0	14,4	5,8	7,0
EGGS AND POULTRYMEAT (Refunds)	13,7	21,5	16,9	8,4	13,1	22,3
FRUIT AND VEGETABLES	60,1	34,5	66,9	90,3	244,4	186,2
Refunds	31,8	25,8	17,9	34,8	57,3	52,0
Intervention	28,3	8,7	49,0	55,5	187,1	130,7
WINE	43,8	11,7	41,9	139,1	172,9	90,9
Refunds	0,4	0,4	0,1	0,3	1,6	1,1
Intervention, of which:	43,4	11,3	41,8	138,8	168,7	89,8
- Private storage aid	28,2	6,6	25,9	36,3	40,9	36,1
- Other (mainly distillation)	14,1	2,1	15,3	102,0	127,8	53,7
TOBACCO	111,0	118,3	183,6	228,5	229,8	205,3
Refunds	-	-	0,1	1,8	2,5	4,5
Intervention	111,0	118,3	183,5	226,7	227,3	200,8
FISHERIES	1,3	1,2	1,2	9,3	10,5	7,9
Refunds	0,5	0,6	0,7	2,8	3,8	3,3
Intervention	0,8	0,6	0,5	6,5	6,7	4,6
INTERVENTION MISCELLANEOUS PRODS.	11,9	24,8	35,5	57,5	72,4	51,3
Flax and hemp	11,5	5,5	11,8	13,9	19,3	13,8
Seeds	0,4	14,3	15,2	23,8	22,7	16,1
Hops	-	4,7	4,4	8,0	14,5	8,2
Silkworms	-	0,3	0,5	0,8	0,6	0,3
Dehydrated fodder	-	-	3,6	11,1	15,2	12,9
Non-Annex II Products (Refunds)	25,-	23,7	12,8	23,8	67,4	124,2
TOTAL EXPENDITURE AGRICULTURE	2391,7	3255,0	2619,6	3906,1	4705,4	5118,1
Accession compensatory amounts	-	264,3	332,5	415,0	359,9	174,9
Monetary compensatory amounts	-	140,3	137,6	406,3	504,7	859,9
Effect of the dual rate (3)	-	-	-	(340)	(340)	509,5
TOTAL EXPENDITURE EAGGF GUARANTEE	2391,7	3659,6	3097,9	4727,4	5570,0	6662,4

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

2) The expenditure for January 1973 is included under the 1972 financial year. In terms of calendar years the total expenditure is about 2,094 M u.a. for 1972 and 3,912 M u.a. for 1973.

3) data not entered in the 1975 and 1976 accounts; the figures for those years are estimates.

ANNEX G XII

Assessment of overall cost of the Guarantee Section in
relation to gross domestic product

(thousand M ua)

Year	EAGGF-Guarantee expenditure		Community gross domestic product at market prices	EAGGF-Guarantee expenditure as % of EEC gross domestic product	
	Gross	Minus agricultural levies		Gross	Net
a	b	c	d	e=100 b/d	f=100 c/d
1974	3,098	2,768	920	0,34	0,30
1975	4,727	4,137	1.112	0,46	0,40
1976	5,570	4,407	1.283	0,47	0,38
1977	6,662	4,372	1.441	0,46	0,30

ANNEX G XIII

CASES OF IRREGULARITY COMMUNICATED IN 1977 - EAGGF GUARANTEE SECTION

	All cases		Breakdown by Member State (No. of cases and amount in u.s.)									
	No. of cases	Amount in u.s.	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Netherlands	United Kingdom	
CEREALS	Refunds	3 : 36 849			2 : 36 127						722	
	Intervention	7 : 139 805			6 : 138 360	1 : 1 445						
	TOTAL	10 : 176 654			8 : 174 487	1 : 1 445					722	
BEEF AND VEAL	Refunds	15 : 112 737		6(3 : 85 802	2(4 : 17 259	6(7 : 8 438					1 238	
	Intervention	5 : 398 560		1 : 27 202	4 : 371 358							
	TOTAL	20 : 511 297		7 : 113 004	6 : 388 617	6 : 8 438					1 238	
MILK AND MILK PRODUCTS	Refunds	5 : 114 661		1 : 84 364	1 : 24 020					1(3 : 6 277		
	Intervention	12 : 3 374 855			6 : 817 431			5 : 1 176 209		1 : 1 381 215		
	TOTAL	17 : 3 489 516		1 : 84 364	7 : 841 451			5 : 1 176 209		4 : 1 387 492		
PIGMEAT	Refunds	4 : 113 831	1 : 111 618	1 : 1 389	1(4 : 785					1(13 : 39		
	Intervention	5 : 147 217		4 : 129 492	1 : 17 725							
	TOTAL	9 : 261 048	1 : 111 618	5 : 130 881	2 : 18 510					1 : 39		
WINE	Intervention	26 : 151 426	1 : -		26 : 151 426							
NON-ANNEX II PRODUCTS	Refunds	4 : 18 648			3(4 : 16 940					1 : 1 708		
OILS AND FATS	Intervention	2 : -						2 : -	(12 : -			
EGGS AND POULTRYMEAT	Refunds	2 : 1 138 660	1 : 1 138 641							1(13 : 19		
FISHERY PRODUCTS	Refunds	2 : 4 549		2 : 4 549								
FRUIT AND VEGETABLES	Refunds	1 : 9 536		1 : 9 536								
FLAX	Intervention	1 : 197								1 : 197		
MISCELLANEOUS										1(15 : 1 250		
TOTAL	Refunds	37 : 1 550 721	2 : 1 250 259	11 : 185 640	9 : 95 131	6 : 8 438				9 : 11 253		
	Intervention	58 : 4 212 060		5 : 156 694	43 : 1 496 300	1 : 1 445		7 : 1 176 209		2 : 1 381 412		
	TOTAL	95 : 5 762 781	2 : 1 250 259	16 : 342 334	52 : 1 591 431	7 : 9 883		7 : 1 176 209		11 : 1 392 665		
MONETARY COMPENSATORY AMOUNTS		81 : 2 749 865	2(1 : 99		12(5 : 275 482	1(8 : 17 169	4(9 : 7 587			4(16 : 486	58(18 : 2 453 862	
ACCESSION COMPENSATORY AMOUNTS		5 : 26 773			3(6 : 3 855		2(10 : 22 918					
GRAND TOTAL		169 : 8 539 419	4 : 1 250 358	16 : 342 334	61 : 1 870 768	8 : 22 232	6(11 : 30 505	7 : 1 176 209		9(17 : 1 393 151	58 : 2 543 862	
of which recovered		45 : 1 580 188	(2 : 44 647	9 : 284 991	22 : 571 625	1 : 3 572				7 : 11 741	6 : 683 612	

NOTES

- In one case the amount is yet to be determined, one case concerns pigmeat and beef and veal and one case concerns pigmeat.
- In one case only partial recovery.
- One case also concerns pigmeat, the amount in question is yet to be determined.
- One case also concerns MCAs.
- One case concerns cereals, two cases beef and veal, four cases pigmeat and two cases milk products and three cases non-Annex II products. Three cases also concern MCAs and three cases also concern refunds.
- Two cases concern pigmeat, one case beef and veal; the three cases also concern MCAs.
- In four cases the amounts are yet to be determined.
- This case concerns cereals.
- In two cases the amounts are yet to be determined; two cases concern beef and veal, one case cereals and one case milk products.
- In one case the amount is yet to be determined; these two cases concern beef and veal.
- Six attempted cases have also been communicated, plus twelve other cases where the undue payments were made in another Member State.

- Amounts yet to be determined.
- One case concerns milk products, poultrymeat, pigmeat and MCAs.
- One other case also concerns MCAs.
- This case concerns several sectors: meat, milk products, eggs and poultrymeat, cereals, sugar, non-Annex II products (ships' stores), as well as MCAs.
- One case concerns milk products and eggs and poultrymeat; one case non-Annex II products; one case milk products; one case is described in Note 15; all these cases also concern refunds.
- Five attempted cases have also been communicated; they are not covered here because no payments were made.
- Forty-three cases concern beef and veal; six pigmeat; three cereals; three eggs and poultrymeat; one milk products; one both beef and veal and cereals; one concerns non-Annex II products; the amounts are yet to be determined in nine cases.

ANNEX G XIV

Communication of irregularities (Article 4 of Regulation
283/72) likely to have an immediate effect in other Member
States

Year	Member State	B	D	DK	F	IRL	I	L	NL	UK	COM	Total number of cases per year
1972		1										1
1973		1			1							2
1974					2					2		4
1975					1	3			1	5	1	11
1976			1		4	3			1	4	3	16
1977		3	1		1	2				17	2	26
		5	2		9	8			2	28 ¹⁾	6	60

1) Note that 13 cases covered traffic between Ireland and Northern Ireland where there are exceptional difficulties owing to the difference between the respective green pounds and to a naturally complex frontier.

ANNEX A I
SUMMARY OF IMPLEMENTATION FOR THE 1977 FINANCIAL YEAR
Chapter 92 - Community food aid

APPROPRIATIONS AVAILABLE	M u.a.	IMPLEMENTATION	M u.a.	% UTILIZATION
A. APPROPRIATIONS FOR THE CURRENT YEAR:		C. COMMITMENTS		
1. Initial appropriations	178,4	1. Total commitments	176,4	98,9
2. Supplementary budget	-	a) Global commitments	70,2	
3. Transfers (1)	-	- Amounts specifically committed out of global commitments	51,4	
		- Balance of global commitments carryover to 1978	18,8	
		. lapsed	-	
		b) Amounts specifically committed (commitments under Article 40 of the Financial Regulation, direct payments, rectifications for clearance of 1974 accounts)	106,2	
		2. Sums not committed	2	1,1
TOTAL	178,4 x	TOTAL	178,4 x	100
B. APPROPRIATIONS FROM THE PREVIOUS FINANCIAL YEAR		D. PAYMENTS		
- Automatic carryover from 1976	172,2	1. Application of carryover from 1976		
- Non-automatic carryover from 1976	17,1	- Payments a) from auto. carryover	117,9	
		b) from non-automatic carryover	17,-	
		- Lapsed	54,4	
TOTAL	189,3 y	TOTAL CARRYOVER FROM 1976	189,3 y	51,5
		2. Application of 1977 appropriations		
		a) Payments	52,6	14,3
		b) Carryover to 1978		
		. Appropriations specifically comm. & carried over auto. to '78.	105,-	
		. Appropriations globally comm. & carried over auto. to 1978	18,8	
		. Unused appropriations: non-automatic carryover to 1978	-	
		TOTAL CARRYOVER FROM 1977 TO 1978	123,8	33,7
		3. Appropriations lapsed		
		. out of 1977 allocation	2	
		TOTAL APPROPRIATIONS LAPSED	2	0,5
TOTAL APPROPRIATIONS AVAILABLE	z 367,7	TOTAL	z 367,7	100
(x + y) = z				

(1) These are possible transfers from title to title affecting the overall sum available under Titles 6 and 7.

ANNEX A II
Cash position at 31.12.1977

MEMBER STATE		Advances granted from 1.1.1977 to 31.12.1977	Availability at 31.12.1976	Expenditure from 1.1.1977 to 31.12.1977	Clearance of the 1974 accounts	Availability at 31.12.1977
		a	b	c	d	a + b - (c + d)
BELGIUM	FB	1.058.500.000	130.784.435,-	1.204.247.392	- 865.413	- 14.097.544
	u.a.	21.170.000	2.615.688,70	24.084.947,84	- 17.308,26	- 281.950,88
DENMARK	DK	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
	u.a.	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GERMANY	DM	194.199.600	30.458.115,91	205.190.590,45	- 63.418,26	19.530.543,72
	u.a.	53.060.000	8.321.889,59	56.063.002,86	- 17.327,39	5.336.214,12
FRANCE	FF	329.918.886	28.083.819,40	298.254.580,14	- 253.705,77	60.001.831,03
	u.a.	59.400.000	5.056.330,34	53.699.023,65	- 45.678,27	10.802.984,96
IRELAND	£	1.689.627,71	1.041.719,93	2.676.171,18	- 0 -	55.176,46
	u.a.	4.055.103,26	2.500.125,83	6.422.805,69	- 0 -	132.423,40
ITALY	Lit	16.076.250.000	5.851.445.173,-	20.626.298.011	- 149.076.175	1.450.473.337
	u.a.	25.722.000	9.362.312,28	33.002.076,82	- 238.521,88	2.320.757,34
LUXEMBOURG	Flux	17.052.797	699.422,-	17.752.219	- 0 -	- 0 -
	u.a.	341.055,94	13.988,44	355.044,38	- 0 -	- 0 -
NETHERLANDS	FL	41.474.340	- 2.917.006,04	36.381.325,21	337.827,71	1.838.181,04
	u.a.	11.457.000	- 805.802,77	10.050.089,84	93.322,57	507.784,82
UNITED KINGDOM	£	- 36.824,63	36.824,63	- 0 -	- 0 -	- 0 -
	u.a.	- 88.379,04	88.379,04	- 0 -	- 0 -	- 0 -
TOTAL EEC	u.a.	175.116.780,16	27.152.911,45	183.676.991,08	- 225.513,23	18.818.213,76

ANNEX A III
EXPENDITURE DECLARED

MEMBER STATE	Declared expenditure in u.a.						TOTAL (a + b + c) = d	Clearance of the 1974 accounts (c)	Advances granted f (1)	Cash available in Member States f - (d + c)	
	Cereals (a)		Milk products (b)		Sugar (c)						
BELGIUM	7.832.878,34	7%	16.245.645,90	21%	6.423,60	0%	24.084.947,84	13%	- 17.308,26	23.785.688,70	- 281.950,88
DENMARK	0	0%	0		0		0	0%	0	0	0
GERMANY	21.822.501,50	21%	33.196.125,40	43%	1.044.375,96	57%	56.063.002,86	30%	- 17.327,39	61.381.889,59	5.336.214,12
FRANCE	39.383.751,81	38%	13.539.786,49	18%	775.485,35	43%	53.699.023,65	29%	- 45.678,27	64.456.330,34	10.802.984,96
IRELAND	0	0%	6.422.805,69	8%	0		6.422.805,69	4%	0	6.555.229,09	132.423,40
ITALY	33.002.076,82	32%	0	0%	0		33.002.076,82	18%	- 238.521,88	35.084.312,28	2.320.757,34
LUXEMBOURG	0	0%	355.044,38	0%	0		355.044,38	0%	0	355.044,38	0
NETHERLANDS	2.417.606,68	2%	7.632.483,16	10%	0		10.050.089,84	6%	+ 93.322,57	10.651.197,23	507.784,82
UNITED KINGDOM	0		0		0		0	0%	0	0	0
	104.458.815,15	100%	77.391.891,02	100%	1.826.284,91	100%	183.676.991,08	100%	- 225.513,23	202.269.691,61	18.818.213,76

Expenditure at the level of Community prices (in M u.a.)

	<u>Cereals</u>	<u>Dairy products</u>	<u>Sugar</u>
- World price (M u.a.) (including transport costs)	104.458	77.391	1.826
- Refunds (M u.a.)	60.340	150.064	0.707
- Expenditure resulting from the application of the "dual rate"	6.084	0.269	-0.015
- Community prices	170.882	227.724	2.518

(1) Including balance available at 1 January 1977.

ANNEX A IV

Community Food Aid financed from the Community Budget
(Food Aid Chapter)

financial year	Products	Quantities t.	Amounts U.S.	TOTALS U.S.
1972	<u>Cereals and rice</u>			
	1968/69 Scheme			
	Bengali refugees	301.000,000	18.842.681,00 (1)	
	1971/72 Scheme	50.000,000	4.907.529,00 (1)	23.750.210,00
1973	<u>Cereals and rice</u>			
	1969/70 Scheme	335.500,000	22.148.041,85 (1)	
	1971/72 Scheme	180.234,000	20.392.530,63 (2)	
	1972/73 Scheme	264.900,000	34.915.656,66 (2)	
	<u>Sugar</u>			
	1st Convention	8.212,000	1.398.374,25 (2)	
	<u>Milk products</u>			
	(bought on market)	3.020,000	2.145.266,96 (2)	
	<u>Egg products</u>			
		500,000	1.485.831,61 (1)	
	<u>Milk products</u>			
		34.580,875	21.178.366,23 (1)	
	<u>Sugar</u>			
	1st Convention	3.939,320	1.052.111,09 (1)	104.716.179,28
1974	<u>Cereals and rice</u>			
	1970/71 Scheme	4.500,000	105.572.966,09 (2)	
	1971/72 Scheme	103.765,000		
	1972/73 Scheme	168.612,000		
	1973/74 Scheme	448.500,000		
	<u>Milk products</u>			
	(bought on market)	4.852,700	652.675,57 (3)	106.225.641,66
1975	<u>Cereals and rice</u>			
	1968/69 Scheme	401,000		
	1970/71 Scheme	469,500		
	1971/72 Scheme	20.001,000		
	1972/73 Scheme	25.868,000		
	1973/74 Scheme	129.637,000		
	1974/75 Scheme	509.081,000		
	<u>Skimmed milk powder</u>			
	Programmes prior to 1975	26.668,000	163.979.335,46 (2)	
	1975 Programme	24.106,000		
	<u>Butteroil</u>			
	Programmes prior to 1975	25.437,000	1.289.730,65 (3)	
	1975 Programme	6.411,000		
	<u>Sugar</u>			
	1st Convention	4.094,000	748.000,00 (4)	
		2.000,000		
	<u>Cereals</u>			
	1970/71 Scheme	348.070,500	25.135.288,68 (1)	191.152.354,79
				98.121,01 (5)
1976	<u>Cereals and rice</u>			
	1972/73 Scheme	5.000,000		
	1973/74 Scheme	4.863,000		
	1974/75 Scheme	120.419,000		
	1975/76 Scheme	160.620,000		
	<u>Butteroil</u>			
	1974 Programme	400,000		
	1975 Programme	31.994,000	111.470.995,01 (2)	
	1976 Programme	7.110,000	4.206.470,88 (3)	
	<u>Skimmed milk powder</u>			
	1974 Programme	9.630,000		
	1975 Programme	24.544,000		
	1976 Programme	21.028,000		
	<u>Sugar</u>			
	1975 Programme	6.153,000		115.877.465,89
1977	<u>Cereals and rice</u>			
	1969/70 Scheme	1.400,000		
	1970/71 Scheme	100,000		
	1974/75 Scheme	12.000,000		
	1975/76 Scheme	508.280,000		
	1976/77 Scheme	436.851,000		
	<u>Butteroil</u>			
	1974 Programme	300,000		
	1975 Programme	7.013,000	183.476.981,08 (2)	
	1976 Programme	29.264,000	4.007.545,10 (3)	
	1977 Programme	6.200,000		
	<u>Skimmed milk powder</u>			
	1975 Programme	500,000		
	1976 Programme	96.961,000		
	1977 Programme			
	<u>Sugar</u>			
	1977 Programme	6.102,000		187.684.536,18
				225.513,23 (6)

EXPLANATORY NOTES TO TABLE A IV

- (1) Final figures corresponding to aid decisions or Commission decisions on the clearance of accounts.
- (2) Provisional figures corresponding to the monthly statements of the Member States.
- (3) Direct payments to certain countries or agencies receiving lump-sum contributions towards the cost of forwarding or distributing goods.
- (4) Equivalent of 2000 tonnes of sugar paid for in cash.
- (5) Correction of the figures shown under (2) following the clearance of accounts for the financial year 1973.
- (6) Correction of the figures shown under (2) following the clearance of accounts for the financial year 1974.

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

This table covers only aid entered under the "food aid" heading of the Community budget, and excludes Community food aid in intervention milk products financed up to 31.12.1974 by the EAGGF Guarantee Section.

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

From 1975 onwards all figures exclude refunds.

ANNEX A V

Appropriations - 1977 Budget (in U.S.)

C M A P E R K	A Y I E K	F I N A N C I A L P R O G R A M S	1977 appropriations		TOTAL	Advances to Member States including balance at 31.12.76	1979 expenditures paid by Member States	Direct payments by the Commission (1)	Corrections following clearance of the 1974 accounts (2)	Unused appropriations (3)	AUTOMATIC CARRYFORWARD of the financial year (2)	Carried forward appropriations cancelled
			Carried forward from 1976	Entires								
a	b	c	d	e	f	g	h	i	j	k	l	m
920	920	CEREALS	76,315,554.40	5,000,000	81,315,554.40		66,734,370.23	2,536,454.14	- 208,362.37	6,433,112.60	29,300,000	
921	921	DAIRY PRODUCTS	118,780,932.48	41,500,000	160,280,932.48		37,614,445.18	216,872.46		44,136,018.06		
922	922	SUGAR	6,425,640	1,700,000	8,125,640		79,074,372.46	1,141,435.50	- 17,150.86	30,144,580.71		
923	923	Other Expenses		1,000,000	1,000,000		1,583,525.48			38,981,769.60		
924	924	Other Expenditures		1,000,000	1,000,000		5,679,392.98			39,692,415.43		
			189,302,910.88	178,400,000	367,702,910.88	202,269,891.61	189,476,991.61	4,007,545.10	- 235,513.23	180,243,887.40	105,000,000	18,816,213.23
												56,425,674.17

(1) Contributions and transport costs paid directly by the Commission
 (2) Commitments made on the basis of Article 40 of the Financial Regulation
 (3) Transfers within Chapter 92 : + 519,869,30 item 922(1) - 230,861,30 item 920(1)
 + 2,562,305,13 item 921(1) - 934,713,22 item 921(1)
 - 1,627,591,61 item 922(1)