



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 11 June 2007**

**10525/07**

**AGRIFIN 61  
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**"I" ITEM NOTE**

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from : Working Party on Financial Agricultural Questions (AGRIFIN)  
on : 24 May 2007  
to : Coreper

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No. prev. doc. : 9638/07

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Subject : Report n° 6/2007 from the Commission to the European Parliament and the  
Council on EAGF expenditure (Early Warning System)

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**I. INTRODUCTION**

1. The Working Party on Financial Agricultural Questions (Agrifin), at its meeting on 24 May 2007, heard a presentation by the Commission representative on the EAGF expenditure as at 30 April 2007 (corresponding to the Commission's report 6/2007 Early Warning System).

The outcome of the Working Party's proceedings is summarised below.

## II. OUTCOME OF PROCEEDINGS

2. The Working Party examined the state of EAGF expenditure for the period 16 October 2006 to 30 April 2007 on the basis of the figures showing the provisional use of appropriations as compared to the level of the indicator (cf. Annex).

3. The figures show that the uptake of the budget's appropriations for that period, mostly relating to the Member States' expenditure on market measures and direct aids, amounted to EUR 36 244.6 million, i.e. an overall execution of 84.9% of available appropriations.

The collected revenue assigned to EAGF during that period amounted to EUR 740.9 million.

The breakdown into the three main budget headings is as follows:

- interventions in agricultural markets: EUR 2 818.3 million (EUR - 144.6 million or 2.6% below budget indicator)
- direct aids: EUR 33 206.6 million (EUR - 919.5 or 2.5% below budget indicator)
- other expenditure: EUR 217.6 million (EUR - 33.2 million or 15.8% below budget indicator).

4. The Commission representative pointed out that the overall budget execution showed an under-execution of EUR 1 097.2 million (2.6% below budget indicator) relative to the credit appropriations in the 2007 budget.

More specifically, she noted that the Commission was expecting an under-execution in the cereals and milk sectors due to the favourable conditions on the international market. On the other hand, at this point in time it is expected that the sugar sector will over-execute the available budget appropriations.

The Commission representative commented on the unexpected trend in the execution of direct aids under "other direct aids". She noted that the reasons for the current under-execution of this chapter (9.7% below the indicator) were not clear. It was not possible to state, at this point in time, whether it was a result of a temporary situation or of an unexpected and lasting tendency of certain specific aids.

If this current under-execution of appropriations were to persist to the end of the budget year, then the collected revenues assigned to EAGF from the current year will be automatically carried forward to the next budget year.

### **III. CONCLUSION**

5. At the close of proceedings, the Working Party agreed, at the Presidency's initiative, to submit the outcome of its proceedings to Coreper as an "I" item on its agenda.

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BUDGET YEAR 2007 (\*)

PROVISIONAL CONSUMPTION OF THE APPROPRIATIONS  
AGAINST ORIGINAL APPROPRIATIONS of EAGF

Situation to the 30/04/2007  
in EUR million

	Original appropriations Budget (*)	Consumption from November to April	Utilisation		Consumption profile (**) as at April		Gap between implementation and indicator		
			EUR mio	EUR mio	%	%	EUR mio	%	EUR mio
			A	B	C= (B*100)/A	D	E= (D*A)/100	F=C-D	G=B-E
<b>Expenditure (A)</b>									
05 01 ADMINISTRATIVE EXPENDITURE OF AGRICULTURE AND RURAL DEVELOPMENT POLICY AREA 05010401, 05010406 and 05010407: Monitoring/prevention and pilot projects	8,5	2,1	24,3 %	22,7 %	1,9	1,6 %	0,1		
<b>Total 05 01 Administrative expenditure of policy area Agriculture</b>	<b>8,5</b>	<b>2,1</b>	<b>24,3 %</b>	<b>22,7 %</b>	<b>1,9</b>	<b>1,6 %</b>	<b>0,1</b>		
05 02 INTERVENTIONS IN AGRICULTURAL MARKETS									
05 02 01 Cereals	516,0	-28,4	-5,5 %	45,5 %	234,7	-51,0 %	-263,1		
05 02 02 Rice	-2,0	1,1	-56,0 %	113,8 %	-2,3	-169,8 %	3,4		
05 02 03 Refunds on non-Annex 1 products	299,0	121,2	40,5 %	56,2 %	168,1	-15,7 %	-46,9		
05 02 04 Food programmes	278,0	138,1	49,7 %	49,5 %	137,7	0,2 %	0,4		
05 02 05 Sugar	323,0	301,1	93,2 %	48,9 %	157,9	44,3 %	143,2		
05 02 06 Olive oil	50,0	44,4	88,7 %	85,4 %	42,7	3,3 %	1,7		
05 02 07 Textile plants	22,0	6,2	28,1 %	31,5 %	6,9	-3,4 %	-0,8		
05 02 08 Fruit and vegetables	1.319,8	599,1	45,4 %	49,8 %	656,8	-4,4 %	-57,7		
05 02 09 Products of the wine-growing sector	1.487,0	851,9	57,3 %	56,1 %	833,7	1,2 %	18,2		
05 02 10 Promotion	45,3	21,3	47,1 %	48,3 %	21,9	-1,2 %	-0,6		
05 02 11 Other plant products/measures	379,0	175,9	46,4 %	49,2 %	186,6	-2,8 %	-10,7		
05 02 12 Milk and milk products (estimation of 349 Mio EUR credits coming from revenue)***	587,0	418,4	71,3 %	55,3 %	324,8	15,9 %	93,6		
05 02 13 Beef and veal	117,0	61,8	52,8 %	59,7 %	69,9	-6,9 %	-8,1		
05 02 14 Sheepmeat and goatmeat	p.m.	0,0							
05 02 15 Pigmeat, eggs and poultry, bee-keeping and other animal products	194,1	106,2	54,7 %	63,6 %	123,5	-8,9 %	-17,2		
<b>Total 05 02 Interventions in agricultural markets (excluding 05 02 16)</b>	<b>5.615,2</b>	<b>2.818,3</b>	<b>50,2 %</b>	<b>52,8 %</b>	<b>2.962,9</b>	<b>-2,6 %</b>	<b>-144,6</b>		
05 03 DIRECT AIDS									
05 03 01 Decoupled direct aids (estimation of 638 Mio EUR credits coming from revenue)***	30.196,0	28.282,3	93,7 %	94,6 %	28.560,3	-0,9 %	-278,0		
05 03 02 Other direct aids	6.214,5	4.852,1	78,1 %	87,8 %	5.456,4	-9,7 %	-604,3		
05 03 03 Additional amounts of aid	468,0	87,3	18,6 %	23,4 %	109,5	-4,8 %	-22,2		
05 03 04 Ancillary direct aids (outstanding balances, small producers, agrimonetary aids, etc.)	0,0	-15,1	0,0 %						
<b>Total 05 03 Direct aids</b>	<b>36.878,5</b>	<b>33.206,6</b>	<b>90,0 %</b>	<b>92,5 %</b>	<b>34.126,2</b>	<b>-2,5 %</b>	<b>-919,5</b>		
05 04 OTHER EXPENDITURE									
05 04 Rural development (050401 and 05040302)	p.m.	-17,0							

05 07	AUDIT OF AGRICULTURAL EXPENDITURE	-172,0	4,5	-2,6 %	5,0 %	-8,6	-7,6 %	13,1
	Accounting clearance of previous years' accounts (05070106 and 05070108)	-178,0	0,2	-0,1 %	6,0 %	-10,6	-6,1 %	10,8
	(3) Conformity clearance of previous years' accounts (05070107 and 05070109)	p.m.	0,0					
	Audit of agricultural expenditure, other lines (05070101, 05070102, 05070105 and 050702)	6,0	4,3	70,9 %	33,3 %	2,0	37,6 %	2,3
05 08	(1) POLICY STRATEGY AND COORDINATION OF AGRICULTURE AND RURAL DEVELOPMENT POLICY AREA	41,2	16,5	40,1 %	54,4 %	22,4	-14,3 %	-5,9
11 02	(2) (4) FISHERIES MARKETS	30,5	0,1	0,3 %	0,0 %	0,0	0,3 %	0,1
17 01	(1) (2) ADMINISTRATIVE EXPENDITURE OF POLICY AREA HEALTH AND CONSUMER PROTECTION 17010401, 17010404 and 17010405: Plant health meas. - Pilot study - Feed and food safety	1,3	0,5	36,0 %	30,8 %	0,4	5,3 %	0,1
17 03	(1) (2) PUBLIC HEALTH 17 03 02 Community tobacco fund - direct payments by the EU	13,5	0,0	0,0 %	0,0 %	0,0	0,0 %	0,0
17 04	(1) (2) FOOD SAFETY, ANIMAL HEALTH, ANIMAL WELFARE AND PLANT HEALTH 170401 to 170407 Veterinary, animal welfare, public health, plant health, feed and food and other measures	295,0	213,1	72,2 %	80,2 %	236,6	-8,0 %	-23,5
	<b>Total other expenditure</b>	<b>209,5</b>	<b>217,6</b>	<b>103,9 %</b>	<b>119,7 %</b>	<b>250,8</b>	<b>-15,8 %</b>	<b>-33,2</b>
	<b>Total Expenditure (excluding 05 02 16)</b>	<b>42.711,7</b>	<b>36.244,6</b>	<b>84,9 %</b>	<b>87,4 %</b>	<b>37.341,8</b>	<b>-2,6 %</b>	<b>-</b>
	<b>Revenue (B)</b>							
6 7 0 1	Conformity clearance of previous years'accounts - EAGF (estimation : 568 Mio EUR)	p.m.	332,2					
6 7 0 2	Irregularities - EAGF (estimation : 70 Mio EUR)	p.m.	57,4					
6 7 0 3	Superlevy from milk producers (estimation : 349 Mio EUR)	p.m.	351,3					
	<b>Total Revenue (excluding 6 8 0 1 and 6 8 0 2)</b>	<b>p.m.</b>	<b>740,9</b>					
	<b>Expenditure and revenue (A-B)</b>							
	<b>Total Expenditure and revenue (excluding 05 02 16, 6 8 0 1 and 6 8 0 2)</b>	<b>42.711,7</b>	<b>35.503,8</b>	<b>83,1 %</b>	<b>87,4 %</b>	<b>37.341,8</b>	<b>-4,3 %</b>	<b>1.838,0</b>

<b>Sugar Restructuring Fund</b>								
05 02 16	Sugar Restructuring Fund (estimation of 757 Mio EUR credits coming from revenue)***	p.m.	0,0					
6 8 0 1	Temporary restructuring amounts - Assigned revenue (estimation : 1259 Mio EUR)	p.m.	1.287,2					
6 8 0 2	Irregularities concerning the temporary restructuring fund – Assigned revenue	p.m.	0,0					
	<b>Total Sugar Restructuring Fund</b>	<b>p.m.</b>	<b>1.287,2</b>					

(\*) Budget year = 16.10.06 to 15.10.07 but direct expenditure possible until 31.12.07

(\*\*) For direct payments it concerns the commitments

(\*\*\*) Including possible use of assigned revenue : see 'revenue' lines

(1) Chapter not exclusively EAGF

(2) Chapter outside title 05 but included in EAGF

(3) Used only for cases in which Member States are beneficiaries

(4) Of which 15 Mio EUR is entered in chapter 40 02