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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	11 March 2014
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	C(2014) 1457 final ANNEXES 1 to 8
Subject:	ANNEXES to the COMMISSION DELEGATED REGULATION (EU) No …/.. supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to public intervention expenditure

Delegations will find attached the Commission document C(2014) 1457 final ANNEXES 1 to 8.

Encl.: C(2014) 1457 final ANNEXES 1 to 8

EUROPEAN
COMMISSION

Brussels, 11.3.2014
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ANNEXES 1 to 8

ANNEXES

to the

COMMISSION DELEGATED REGULATION (EU) No …/..

**supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council
with regard to public intervention expenditure**

ANNEX I

CALCULATION OF RATES FOR THE REIMBURSEMENT OF FINANCING COSTS (Article 3(1)(a))

I. APPLICABLE INTEREST RATES

1. For the purposes of calculating the financing costs to be borne by the EAGF for the funds mobilised by the Member State for buying in products, the Commission shall fix a uniform interest rate in accordance with Article 20(4) of Regulation (EU) No 1306/2013 throughout the Union at the beginning of every accounting year. The uniform interest rate shall correspond to the average of the 3-month and 12-month forward Euribor rates, recorded during a 6-month reference period which is to be determined by the Commission, with a weighting of one-third and two-thirds respectively.

2. In order to determine the interest rates applicable for a given accounting year, the Member States shall notify the Commission, at its request, of the average interest rate they actually bore during the reference period referred to in point 1 no later than the deadline referred to in that request. The notification shall be made using the form made available to the Member States by the Commission.

   In the absence of any notification from a Member State, in the form and by the deadline referred to in the first subparagraph, the interest rate borne by that Member State shall be considered to be 0 %.

   In the situation where a Member State declares that it did not bear any interest costs because it did not have agricultural products in public storage during the reference period, the Commission shall fix that rate on the basis of the average reference interest rates during the reference period referred to in the first paragraph of this point plus one percentage point. These reference interest rates shall be:

   (a) For Member States whose currency is the euro, the Euro interbank borrowing offered rate three months (EURIBOR);

   (b) For Member States whose currency is not the euro, the interbank borrowing offered rate three months applicable in each Member State (IBOR).

   If the reference interests rates or the Euribor rates referred to in point (a) are not all available for the entire reference period, the available rates for that period shall be used.

3. For each Member State concerned, the interest rate determined on the basis of the provisions of point (b) shall be compared with the uniform interest rate fixed on the basis of the provisions of point (a) . The interest applicable to each Member State shall be the lower of these two interest rates.

The interest rates fixed in the Commission Implementing Regulation adopted on the basis of Article 20(4) of Regulation (EU) No 1306/2013 for each accounting year shall be rounded to 1 decimal.

II. CALCULATION OF FINANCING COSTS

1. The calculation of the financing costs shall be subdivided according to the validity periods of the interest rates fixed by the Commission in accordance with Part I.

2. The financing costs referred to in Article 3(1)(a) shall be calculated by applying the Member State's interest rate to the average value per tonne of the product bought in, and then multiplying the product thus obtained by the average stock for the accounting year.

   The average value per tonne of product shall be calculated by dividing the sum of the values of the products in store on the first day of the accounting year and of products bought in during that year by the sum of the quantities of products in store on the first day of the accounting year and of products bought in during the accounting year.

   The average stock for the accounting year shall be calculated by dividing the sum of the stock at the beginning of each month and the stock at the end of each month by a number equal to twice the number of months in the accounting year.

3. Where a depreciation coefficient is fixed for a product in accordance with point 1 of Annex V, the value of the products bought in during the accounting year shall be calculated by deducting from the buying-in price the depreciation amount obtained by applying this coefficient.

4. In the case of products for which a second depreciation has been fixed pursuant to the second subparagraph of point 3 of Annex V, the calculation of average stocks shall be made before the actual date of each depreciation taken into account for the purposes of the average value.

5. Where the rules governing common market organisations stipulate that payment for a product bought in by an paying agency may not be effected until at least one month has elapsed from the date of taking over, the average stock calculated shall be reduced by a quantity resulting from the following calculation:

$$\frac{Q \times N}{12}$$

   where

   Q = quantities bought in during the accounting year,

   N = number of months of minimum period before payment.

   For the purposes of this calculation, the minimum period given in the rules shall be taken as the period for payment. A month shall be considered as consisting of 30 days. Any part of a month longer than 15 days shall be considered a whole month;

any part of a month equal to or less than 15 days shall not be taken into account for this calculation.

Where the calculation of average stock at the end of the accounting year gives a negative result once the reduction referred to in the first subparagraph has been effected, that amount shall be deducted from the average stock calculated for the following accounting year.

III. SPECIAL RULES UNDER THE RESPONSIBILITY OF THE PAYING AGENCIES

1. Where, for the sale of products by paying agencies, the rules governing the common market organization or notices of invitation to tender allow the purchaser of such products a period in which to remove them once payment has been made, and where such period exceeds 30 days, the financing costs calculated in accordance with Part II shall be reduced, in the accounts of the paying agencies, by the amount obtained from the following calculation:

$$\frac{V \times J \times i}{365}$$

where

V = the amount paid by the purchaser,

J = the number of days between receipt of payment and removal of the product, minus 30 days,

i = the interest rate applicable during the accounting year.

2. In the case of sales of agricultural products by paying agencies based on specific Union regulations, where the actual period for payment after removal of such products exceeds 30 days, the financing costs calculated in accordance with Part II shall be increased in the accounts of the paying agencies by the amount obtained from the following calculation:

$$\frac{M \times D \times i}{365}$$

where

M = the amount to be paid by the purchaser,

D = the number of days between removal of the product and receipt of payment, minus 30 days,

i = the interest rate applicable during the accounting year.

3. At the end of each accounting year, the financing costs referred to in paragraphs 1 and 2 shall be entered in the accounts for that agricultural financial year for the number of days to be considered until that date and the remainder shall be entered under the following accounting year.

ANNEX II

PHYSICAL OPERATIONS COVERED BY THE STANDARD AMOUNTS

(Article 3(1)(b))

CEREALS AND RICE

I. ACCEPTANCE AND ENTRY INTO STORAGE

(a) physical movement of cereals from means of transport to arrival at storage cell (silo or store compartment) - first transfer;

(b) weighing;

(c) sampling/analysis/establishment of quality.

II. STORAGE

(a) rent of premises at contract price;

(b) insurance costs (unless included under (a));

(c) pest control costs ensuring the initial quality of the product in store (unless included under (a));

(d) annual inventory (unless included under (a));

(e) ventilation, if any (unless included under (a)).

III. REMOVAL FROM STORAGE

(a) weighing of cereals;

(b) sampling/analysis (if chargeable to intervention);

(c) physical removal and loading of cereals onto first means of transport.

BEEF/VEAL

I. ACCEPTANCE OF DELIVERY, BONING AND ENTRY INTO STORAGE (BONED MEAT)

(a) quality control of bone-in meat;

(b) weighing of bone-in meat;

(c) handling;

(d) contract cost of boning, including:

(i) initial chilling,

(ii) transport from the intervention storage place to cutting premises (unless seller delivers goods to cutting premises),

(iii) boning, trimming, weighing, packaging and rapid freezing,

(iv) temporary storage of cuts; loading, carriage and re-entry to the intervention storage place's cold store,

(v) cost of packaging materials: polythene bags, cardboard boxes, stockinettes,

(vi) value of bones, pieces of fat and other trimmings left at the cutting premises (receipts to be deducted from costs).

II. STORAGE

(a) rent of premises at contract price;

(b) insurance costs (unless included under (a));

(c) temperature control (unless included under (a));

(d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

(a) weighing;

(b) quality check (if responsibility of intervention authorities);

(c) transfer of meat from cold store to store's loading bay.

BUTTER

I. ACCEPTANCE AND ENTRY INTO STORE

(a) movement of butter from means of transport on arrival at store to storage cell;

(b) weighing and identification of packages;

(c) sampling/quality check;

(d) entry into cold store and freezing;

(e) second sampling/quality check at end of test period.

II. STORAGE

(a) rent of premises at contract price;

(b) insurance costs (unless included under (a));

(c) temperature control (unless included under (a));

(d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

(a) weighing and identification of packages;

(b) movement of butter from cold room to store loading bay if means of transport is a container, or loaded at store bay if means of transport is a lorry or railway wagon.

IV. SPECIFIC LABELLING OR MARKING

If such labelling is compulsory under the Union law on disposal.

SKIMMED-MILK POWDER

I. ACCEPTANCE AND ENTRY INTO STORE

(a) movement of skimmed-milk powder from means of transport on arrival to storage chamber;

(b) weighing;

(c) sampling/quality check;

(d) check on marking and packaging.

II. STORAGE

(a) rent of premises at contract price;

(b) insurance costs (unless included under (a));

(c) temperature control (unless included under (a));

(d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

(a) weighing;

(b) sampling/inspection of goods (if responsibility of intervention authorities);

(c) movement of skimmed-milk powder to loading bay of store and loading, excluding stowage, on means of transport if a lorry or railway wagon; movement of skimmed-milk powder to loading bay of store if another means of transport, e.g. container.

IV. SPECIFIC LABELLING OR MARKING

If such labelling is compulsory under the Union law on disposal.

ANNEX III

STANDARD AMOUNTS FOR THE UNION

(Article 3(1)(b))

I. STANDARD AMOUNTS APPLICABLE

1. Standard amounts to apply throughout the Union shall be established, by product, on the basis of the lowest costs recorded during a reference period beginning on 1 October of year n and ending on 30 April the following year.

2. ‘Costs recorded’ means the costs for the physical operations referred to in Annex II which took place during the reference period, on the basis of either individual invoices for these operations or a contract signed to cover them. If a stock of a given product exists during the reference period without there having been either entries or removals, the reference costs in the storage contracts for that product may also be used.

   The costs for accepting and entry in storage (I) and for removal from storage (III) shall be declared per tonne of product involved for each individual action (a, b, c,…) as defined in Annex II. The costs for storage (II) shall be declared on a per month basis for each tonne stored for each individual action (a, b, c,…) as defined in Annex II.

3. The Member States shall notify the Commission no later than 10 May of the costs mentioned in point 2 relating to the operations referred to in Annex II borne during the reference period. The standard amounts referred to in point 1 shall be established in euro on the basis of the weighted average of these costs recorded during the reference period in at least four Member States with the lowest costs for a given physical operation, if the latter correspond to at least 33 % of the average total stored quantities of the product in question during the reference period. Otherwise, the costs of other Member States shall be included in the weighting until the percentage attains 33 % of the stored quantities.

4. If fewer than four Member States place a given product in public storage, the standard amounts for that product shall be established on the basis of the costs recorded in the Member States concerned. However, the final standard amount for that product cannot differ from the amount established for the previous year by more than 2%.

5. If the costs for a product in storage declared by a Member State and used in the calculation referred to in points 3 and 4 are more than twice the arithmetic mean of the costs declared for this calculation by the other Member States, then that cost shall be reduced to the level of the arithmetic mean.

6. The costs used for the calculation referred to in points 3 and 4 shall be weighted on the basis of the quantities stored by the Member States included in the calculation.

7. The costs declared by Member States whose currency is not the euro shall be converted into euro on the basis of the average conversion rate for their currency during the reference period referred to in point 1.

II. SPECIAL PROVISIONS

1. The standard cost of removal from storage may be increased by an amount to be calculated by the Commission in accordance with Article 20(4) of Regulation (EU) No 1306/2013 provided that the Member State submits a declaration, covering the entire accounting year involved and the entire stock of the product in question, that it will not apply the tolerance limits referred to in Article 4(2) of Delegated Regulation (EU) No [HZDel] and will stand guarantee for the quantity.

   This declaration shall be addressed to the Commission and shall reach it before it receives the first monthly declaration of the accounting year concerned or, if the product in question is not in intervention storage at the beginning of the accounting year, not later than the month following that in which the product first enters storage.

   The increase provided for in the first subparagraph shall be calculated by multiplying the reference threshold of the product concerned, as referred to in Article 7 of Regulation (EU) No 1308/2013, by the tolerance limit for that product fixed in Annex IV to Delegated Regulation (EU) No [HZDel].

2. The standard amounts established for the cost of entry into and removal from stores of all products in storage except for beef/veal shall be reduced by the following coefficients if the quantities concerned are not physically moved.

Product	Entry in storage	Removal from storage
Cereals	36.50%	22.80%
Rice	17.50%	20.30%
Butter	25.90%	22.20%
Skimmed milk powder	21.00%	35.10%

3. The Commission may roll over the standard amounts fixed previously for a product where there was no public storage or there will be no public storage for the current accounting year.

ANNEX IV

SPECIFIC ELEMENTS TO TAKE INTO ACCOUNT FOR EXPENDITURE AND REVENUE RELATING TO BEEF AND VEAL
(Article 3(1)(c))

For the purposes of Annex VI and points 2(a) and (c) of Annex VII, the basic price to be used for de-boned beef is the reference threshold, as referred to in Article 7 of the Regulation (EU) No 1308/2013, multiplied by a coefficient of 1.47.

ANNEX V

DEPRECIATION OF PRODUCTS IN STORAGE

(Article 3(1)(e))

1. If, for a given product, the estimated selling price in public intervention storage is lower than the buying in price, a depreciation percentage, called the ‘k coefficient’ shall be applied at the time of buying in. It shall be fixed for each product at the beginning of each accounting year in accordance with Article 20(4) of Regulation (EU) No 1306/2013.

2. The depreciation percentage shall not exceed the difference between the buying in price and the estimated disposal price for each product concerned.

3. At the time of buying in, the Commission may restrict the depreciation to a fraction of the percentage calculated in accordance with point 2. That fraction may not be less than 70 % of the depreciation decided in accordance with point 1.

   In such cases, the Commission shall conduct a second depreciation at the end of each accounting year in accordance with the method set out in point 5.

4. In the case of depreciations as referred to in the second subparagraph of point 3, the Commission shall fix overall depreciation amounts by product and by Member State before the beginning of the following accounting year.

   To that end, the estimated selling price for products in storage shall be compared to the estimated carry-over value by product and by Member State. The overall depreciation amounts by product and by Member State concerned shall be obtained by multiplying the differences between the estimated carry-over values and the estimated selling prices by the estimated quantities in storage at the end of the accounting year.

5. The estimate of quantities in public storage and the carry-over values by product and by Member State shall be based on a notification from the Member States, sent to the Commission no later than 7 September of year n+1, relating to products in storage at 30 September of that year, including the following elements:

   – the quantities bought in during the period from 1 October of year n to 31 August of year n+1;

   – the quantities in storage at 31 August of year n+1;

   – the value in euro of the products in storage at 31 August of year n+1;

   – the estimated quantities in storage at 30 September of year n+1;

   – the estimated quantities bought in between 1 and 30 September of year n+1;

– the estimated value in euro of the quantities bought in between 1 and 30 September of year n+1.

6. The values in national currency notified by the Member States whose currency is not the euro with a view to calculating the depreciation at the end of an accounting year shall be converted into euro using the rates applicable at the time the overall depreciation amounts are calculated for the end of that accounting year.

7. The Commission shall notify the overall depreciation amounts by product to each of the Member States concerned so that they can include these in their final monthly declaration of expenditure to the EAGF for the accounting year concerned.

ANNEX VI

VALUATION OF MISSING QUANTITIES
(Article 4(1)(a))

Subject to the specific rules laid down in Annex IV, the value of missing quantities shall be calculated as follows:

(a) Where the tolerance limits, referred to in Article 4(2) of Delegated Regulation (EU) No [HZDel], for the storage or processing of products are exceeded, or where quantities are found to be missing due to theft or other identifiable causes, the value of missing quantities shall be calculated by multiplying these quantities by the reference threshold, as referred to in Article 7 of Regulation (EU) No 1308/2013, in force for the standard quality for each product on the first day of the accounting year in which the tolerance limits are exceeded or in which quantities are found to be missing, increased by 5 %.

(b) If, on the day the quantities are found to be missing, the average market price for the standard quality in the Member State of storage is higher than 105 % of the basic reference threshold, as referred to in Article 7 of Regulation (EU) No 1308/2013, the contractors shall reimburse to the intervention agencies the market price recorded by the Member State, increased by 5 %.

The average market price shall be determined by the Member State on the basis of the information in its regular notifications to the Commission.

The differences between the amounts collected by applying the market price and the amounts booked to the EAGF by applying the reference threshold, as referred to in Article 7 of Regulation (EU) No 1308/2013, shall be credited to the EAGF at the end of the accounting year among the other elements of credit.

(c) Where quantities are found to be missing after the products have been transferred or transported from an intervention storage place or a storage place designated by the paying agency to another place, and where no specific value is fixed under the relevant Union legislation, the value of those missing quantities shall be determined in accordance with point (a).

ANNEX VII

VALUATION OF PRODUCTS WHICH HAVE DETERIORATED OR BEEN DESTROYED
(Article 4(1)(b))

1. Unless specific Union rules provide otherwise, a product shall be deemed to have deteriorated if it no longer meets the quality requirements applicable when it was bought in.

2. The value of products which have deteriorated or been destroyed shall be calculated depending on the type of cause, as follows:

   (a) accidents, unless special provisions in Annex IV provide otherwise: the value of the products shall be calculated by multiplying the quantities affected by the basic reference threshold, as referred to in Article 7 of Regulation (EU) No 1308/2013, in force for the standard quality on the first day of the current accounting year, reduced by 5 %;

   (b) natural disasters: the value of the quantities affected shall be determined by an implementing act of the Commission to be adopted pursuant to the third subparagraph of Article 4(2);

   (c) poor conservation conditions due in particular to unsuitable storage methods: the value of the product shall be accounted for in accordance with points (a) and (b) of Annex VI;

   (d) too long a period of storage: the book value of the product shall be determined on the basis of the selling price at the time of sale of the product by an implementing act of the Commission to be adopted pursuant to the third subparagraph of Article 4(2).

   The decision on the sale of the product shall be taken in accordance with the agricultural legislation applicable to the product in question. The receipts from sales shall be taken into account for the month during which removal occurred.

ANNEX VIII

ACCOUNTING RULES APPLICABLE TO PRODUCTS WHICH HAVE ENTERED STORAGE, BUT TAKING-OVER OF WHICH HAS BEEN REFUSED (Article 4(1)(c))

1. Unless specific Union rules provide otherwise, entry, removal, storage and financing costs already entered in the accounts for each of the rejected quantities shall be deducted and taken into account separately, as follows:

   (a) the entry and removal costs to be deducted shall be calculated by multiplying the rejected quantities by the sum of the respective standard amounts in the month of removal;

   (b) expenditure on storage to be deducted shall be calculated by multiplying the rejected quantities by the number of months which elapse between entry and removal and by the standard amount for the month of removal;

   (c) the financing costs to be deducted shall be calculated by multiplying the rejected quantities by the number of months which elapse between entry and removal, after deduction of the number of months of delay in payment applicable at the time of entry, by the rate of financing applicable during the month of removal divided by 12 and by the average book value of the stocks carried over at the beginning of the accounting year or by the average book value of the stocks of the first month of declaration if no average book value of stocks carried over exists.

2. The costs referred to in point 1 shall be booked under the physical operations in the month of removal.