



Council of the  
European Union

Brussels, 27 January 2023  
(OR. en)

5807/23

AGRI 32  
AGRIFIN 10  
FIN 100

#### COVER NOTE

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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 27 January 2023

To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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No. Cion doc.: COM(2023) 57 final

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Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on EAGF expenditure Early Warning System No 11-12/2022

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Delegations will find attached document COM(2023) 57 final.

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Encl.: COM(2023) 57 final



Brussels, 26.1.2023  
COM(2023) 57 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**on EAGF expenditure  
Early Warning System No 11-12/2022**

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## 1. THE 2022 EAGF BUDGET PROCEDURE

On 24 November 2021, the European Parliament adopted the 2022 general budget of the European Union. The budget for chapter 08 02 - European Agricultural Guarantee Fund (EAGF) amounts to EUR 40 365 million of commitment appropriations and EUR 40 389 million of payment appropriations. The reason for the different amounts for both types of appropriations is the use of differentiated appropriations for certain measures directly implemented by the Commission. These relate mainly to promotion measures for agricultural products and to policy strategy, coordination and audit measures.

## 2. REVENUE ASSIGNED TO THE EAGF

Based on the provisions of Article 43 of Regulation (EU) No 1306/2013, revenue originating from financial corrections under accounting and conformity clearance decisions and irregularities constitutes revenue assigned to the financing of EAGF expenditure.

According to these provisions, assigned revenue can cover the financing needs of any EAGF expenditure. Any part of the revenue left unused within the budget year is automatically carried forward to the following budget year<sup>1</sup>.

The 2022 EAGF budget includes:

- the Commission's latest estimates of the financing needs for market measures and direct payments,
- and the estimates of assigned revenue to be collected in the course of the budget year.

In its proposal for the 2022 EAGF budget appropriations, the Commission took into consideration the total expected assigned revenue. For the 2022 budget the Commission requested a level of appropriations calculated by deducting the estimated assigned revenue from the estimated needs. The Budgetary Authority adopted the EAGF budget for 2022 taking account of the expected assigned revenue.

At the time of establishing the 2022 budget, the Commission's estimate of the available assigned revenue was EUR 551 million. With no carryover expected from 2021 to 2022, it was estimated that the entire amount would be collected during the budget year. The Commission took into account this estimated revenue when requesting the appropriations for the basic payment scheme (item 08 02 05 04). The sum of the voted appropriations and the assigned revenue for this scheme is equal to EUR 14 811 million.

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<sup>1</sup> Art 12(4)(b) of Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union determines that appropriations corresponding to internal assigned revenue may be carried over only to the following financial year. Therefore, in the interests of sound budget management, this assigned revenue is generally used first before the voted appropriation of the concerned budget article.

The annex to this report shows the provisional implementation of the 2022 budget and its comparison to the expected expenditure profile.

### **3. COMMENTS ON THE PROVISIONAL IMPLEMENTATION OF THE 2022 EAGF BUDGET**

This report presents the provisional implementation of the 2022 budget for the EAGF, with details given in the Annex.

The total provisional expenditure of EUR 40 515.1 million mainly includes EAGF expenditure under shared management as declared by Member States for the period between 16 October 2021 and 15 October 2022, and the reductions of monthly reimbursements imposed in the course of the budget year. It further includes an estimate of EAGF expenditure under direct management, amounting to approximately EUR 25.4 million, which is still foreseen to be made until 31 December 2022.

A brief commentary for certain budget articles and items is presented below, showing the most significant differences between the actual expenditure incurred and the corresponding appropriations included in the 2022 budget.

#### **3.1. Market measures**

The provisional uptake of appropriations for market-related expenditure outside the CAP Strategic Plans amounts to EUR 2 977.4 million, which appears to be EUR 316.8 million (11.9 percentage points) higher than the appropriations. This is mainly due to the execution on the exceptional support measures line (08 02 03 11) where no budget was foreseen and the transfer from the crises reserve which is not reflected in the EWS. Without taking into account the exceptional support measures (08 02 03 11), the execution for the markets is 6.6 percentage points (EUR -175.9 million) below the budget.

The final implementation made for POSEI and Smaller Aegean Islands (excluding direct payments) (08 02 03 01) is EUR 7.7 million (-3.4 percentage points) lower than budgeted.

The final implementation for “Promotion of agricultural products – Simple programmes under shared management” (08 02 03 02) shows an under-execution of 35.3 percentage points (EUR -31.4 million). Total expenditure for school schemes (08 02 03 04) is at year-end EUR 14.9 million (-8.0 percentage points) lower than budgeted. For both budget items, this is mainly due to the continuing COVID pandemic effects on the implementation of these schemes.

The final uptake for the olive oil programmes (08 02 03 05) results in an over-execution of 11.0 percentage points (EUR 4.7 million).

The final implementation for fruit and vegetables (08 02 03 06) is lower than the budgeted amount of EUR 931.0 million with EUR 53.1 million (-5.7 percentage points).

The final uptake for wine (08 02 03 07) is lower than the budgeted amount EUR 1 026.0 million with EUR 75.4 million (-7.4 percentage points).

For apiculture (08 02 03 08) the final uptake results in an under-execution of 13.2 percentage points (EUR -7.8 million).

No amount was originally foreseen in the budget for Public and private storage measures (08 02 03 10) and Exceptional measures (08 02 03 11). In view of different crises leading to market disturbances, Commission Delegated Regulation (EU) 2022/467 and Commission Implementing Regulation (EU) 2022/470 were adopted.

Member States notified EUR 17 million for storage measures for the pig market on budget item 08 02 03 10; they implemented EUR 10.2 million under Budget 2022.

Following the adoption of Commission Delegated Regulation (EU) 2022/467, in total EUR 500 million were allocated to the exceptional measures budget item, including EUR 350 million appropriations transferred from the crises reserve. The remaining EUR 142.2 million of the total implementation (EUR 492.2 million) was covered by assigned revenue.

### **3.2. Direct payments**

Expenditure for direct payments outside the CAP Strategic Plans (08 02 05) amounts to EUR 37 293.0 million, which is 100.9 percentage points of the budgeted appropriations (EUR 36 949.0 million).

The total expenditure made for the Single area payment scheme (08 02 05 02) is EUR 16.1 million (-0.4 percentage points) below the budgeted amount of EUR 4 392.0 million.

For the Redistributive payment (08 02 05 03) final declared expenditure is EUR 6.1 million below budgeted (-0.4 percentage points).

For the Basic payment scheme (08 02 05 04), after taking into account the assigned revenue, the expenditure is 0.5 percentage points (EUR -74.0 million) lower than foreseen; see the (\*) footnote in the Annex.

The final uptake for the Payment for agricultural practices beneficial for the climate and the environment (08 02 05 05) is only EUR 12.9 million below the budgeted amount of EUR 10 776.0 million (-0.1 percentage points).

Payments for farmers in areas with natural constraints (08 02 05 06) are 3.7 percentage points below the budgeted amount (EUR -0.2 million).

The final expenditure for the Payment for young farmers (08 02 05 07) is EUR 60.5 million lower than budgeted (-11.4 percentage points).

For Crop-specific payment for Cotton (08 02 05 08) final declared expenditure is EUR 6.6 million lower than budgeted (-2.7 percentage points).

The Voluntary coupled support scheme (08 02 05 09) is very close to the budgeted amount with a higher implementation of EUR 4.2 million (0.1 percentage points).

Payments were EUR 34.1 million (-5.0 percentage points) lower than budgeted for the Small farmers scheme (08 02 05 10).

#### **4. IMPLEMENTATION OF REVENUE ASSIGNED TO THE EAGF**

The table in the annex shows that the total assigned revenue eventually available in 2022 amounts to EUR 631.5 million. This includes:

- revenue under budget item 62 00 amounting to EUR 605.6 million. It concerns mainly the revenue from financial corrections included in accounting and conformity clearance decisions, but also from irregularities declared by Member States;
- revenue under budget item 67 00 amounting to EUR 23.8 million, from corrections included in conformity clearance decisions prior to financial year 2021;
- while no carryover amount was estimated when adopting the 2022 budget, revenue eventually carried over from 2021 to 2022 amounted to EUR 2.1 million.

#### **5. CONCLUSIONS**

Without considering the EUR 497.3 million appropriations voted for the crises reserve, the over-execution of the voted appropriations for the European Agricultural Guarantee Fund (EAGF) was EUR 643.5 million.

Considering the EUR 350 million transferred from the crisis reserve as well as the assigned revenue, there is an under-execution of EUR 337.9 million which together with the unused EUR 147.3 million part of the crisis reserve gives the amount of EUR 485.2 million to be carried over for the reimbursement of the financial discipline applied in Financial Year 2022.