Judgment of the General Court (Eighth Chamber) of 12 November 2010 — Spain v Commission

(Case T-113/08)

(EAGGF — Guarantee Section — Expenditure excluded from Community financing — Aid for the production of olive oil — Aid for arable crop areas)

1. *Agriculture — EAGGF — Clearance of accounts — Definitive refusal to accept responsibility for certain expenses — Need for a prior* inter partes *procedure (see paras 61, 132)*

2. *Agriculture — EAGGF — Clearance of accounts — Communication to Member States of the results of investigations by control services — Substantive conditions (Council Regulation No 729/70, Art. 5(2)(c); Commission Regulation No 1663/95, Art. 8(1), first para.) (see paras 62-69)*

3. *Agriculture — EAGGF — Clearance of accounts — Disallowance of expenditure arising from irregularities in the application of the Community rules — Challenge by the Member State concerned — Burden of proof — Allocation between the Commission and the Member State (see paras 91-92, 96-97)*

4. *Agriculture — Common organisation of the markets — Oils and fats — Olive oil (Council Regulations Nos 154/75, 2261/84, Art. 14(3), and 1638/98, Art. 2(1) to (3); Commission Regulation No 2366/98, Art. 8(b)) (see paras 98-100, 103-106)*

5. *Agriculture — EAGGF — Clearance of accounts — Disallowance of expenditure arising from irregularities in the application of the Community rules — Assessment of losses incurred by the Fund — Challenge by the Member State concerned — Burden of proof (Council Regulation No 729/70) (see paras 108-109)*

6. *Agriculture — EAGGF — Clearance of accounts — Limitation of the refusal of financing — Twenty-four month period — Point from which time starts to run — Communication by the Commission of the results of verifications (Council Regulation No 1258/1999, Art. 7(4)) (see paras 118-123, 138)*

7. *Agriculture — EAGGF — Grant of aids and premiums — Obligation on Member States to organise an efficient system of administrative controls and spot checks — Unreliable controls — Disallowance by the Fund (Commission Regulation No 2419/2001, Art. 15) (see para. 152)*

Re:

APPLICATION for partial annulment of Commission Decision 2008/68/EC of 20 December 2007 excluding from Community financing certain expenditure incurred by the Member States under the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) (OJ 2008 L 18, p. 12), in so far as it relates to certain expenditure incurred by the Kingdom of Spain in the olive oil and arable crop sectors.

Operative part

The Court:

1. Dismisses the action;

2. Orders the Kingdom of Spain to pay the costs.