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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on EAGF expenditure
Early Warning System No 7-10/2023

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1. COMMENTS ON THE PROVISIONAL IMPLEMENTATION OF THE 2023 EAGF BUDGET

The annex to this report shows the budget's provisional implementation for the period 16 October 2022 to 31 August 2023.

A comparison is made of the implementation level with the expenditure profile of the early warning system set up in accordance with Article 19 of Regulation (EU) 2021/2116.

A brief commentary for certain budget articles and items is presented below, showing the most significant differences between implementation levels and the expenditure profiles.

1.1. TYPES OF INTERVENTIONS IN CERTAIN SECTORS UNDER THE CAP STRATEGIC PLANS (BUDGET ARTICLE 08 02 02)

All items under the sectoral types of interventions under the CAP Strategic Plans show a significant downward deviation from the profile (-41.5 percentage points). The total provisional consumption for this article amounts to EUR 146.9 million, i.e. lower than the profile by some EUR 398.2 million.

Expenditure declared so far for budget items 08 02 02 01 - Fruit and vegetables sector, 08 02 02 02 – Apiculture products sector and 08 02 02 05 - Olive Oil and table olives sectors shows a deviation from the profile of respectively EUR -148.2 million (-31.5 percentage points), EUR -23.7 million (-44.7 percentage points) and EUR -6.2 million (-17.3 percentage points).

The lower-than-expected implementation for the wine sector (08 02 02 03) (EUR -220.1 million) contrasts with the higher one for that sector under budget item 08 02 03 07 (EUR 190.1 million). This suggests that some Member States are transferring their appropriations' allocations for types of interventions in the wine sector under the Plans to the National Support Programmes in wine, which are financed outside the Plans (please see point 1.2 below).

In the case of Hops (08 02 02 04), the payment was made outside the CAP Strategic Plan (see related comment for 08 02 03 09, please see point 1.2 below).

1.2. MARKET-RELATED EXPENDITURE OUTSIDE THE CAP STRATEGIC PLANS (BUDGET ARTICLE 08 02 03)

In general, the uptake of appropriations for Market-related expenditure outside the CAP Strategic Plans is higher than the consumption profile by EUR 242.5 million (13.9 percentage points).

However, the implementation of the actions related to "Promotion of agricultural products – Simple programmes under shared management" (08 02 03 02) and to "Olive oil" (08 02 03 05) is lower than the profile by respectively EUR -4.5 million (-5.4 percentage points) and EUR -2.3 million (-25.2 percentage points).

On the contrary, for the Fruit and vegetables expenditure (08 02 03 06), the implementation is EUR 97.1 million higher than expected (19.1 percentage points) and for the wine support programmes (08 02 03 07) it is even EUR 190.1 million higher than the profile (30.3 percentage points).

Payments for apiculture (08 02 03 08) surpass the budgeted amount and are EUR 5.5 million (110.1 percentage points) higher than expected at the end of August.

For Hops, the full execution took place under 08 02 03 09 (Hops budget item under Market-related expenditure outside the CAP Strategic Plans) instead of 08 02 02 04 (Hops budget item under Sectoral Types of Interventions under the CAP Strategic Plans).

For 08 02 03 10 - Public and private storage measures, the divergence from the profile will persist as for pig meat private storage Member States have already paid in budget year 2022 part of the amount initially estimated to be paid in budget year 2023.

At present, the divergences from the profiles for the above types of measures are considered temporary, except for Public and private storage measures.

All in all, the budgeted amounts are expected to cover the needs.

1.3. DIRECT PAYMENTS OUTSIDE THE CAP STRATEGIC PLANS (BUDGET ARTICLE 08 02 05)

The uptake of appropriations for direct payments outside the CAP Strategic Plans is generally in line with the consumption profile. By end August 2023, Member States declared in total EUR 37 620.1 million for this budget article.

Payments made for the Single area payment scheme (08 02 05 02), Redistributive payment (08 02 05 03), Payment for agricultural practices that are beneficial for the climate and the environment (08 02 05 05) and the Voluntary coupled support scheme (08 02 05 09) are globally in line with the consumption profile.

The implementation profile for the Basic payment scheme (08 02 05 04) takes into account the revenue assigned to this budget item. On this basis, the expenditure for this scheme is in line with the profile, showing only EUR -1.1 million (0.0 percentage points deviation) lower than expected (see the “For Information Only” box of the annex).

Payments for farmers in areas with natural constraints (08 02 05 06) and for young farmers (08 02 05 07) are respectively lower than the profile by EUR -0.1 million (-2.3 percentage points) and by EUR -19.4 million (-4.1 percentage points). The budgeted amount for the Young farmers scheme is expected to be not fully implemented towards the end of the year. The unused appropriations will be transferred to reinforce other items under this article where the expenditure exceeds the budgeted needs.

For the Small farmers scheme (08 02 05 10), implementation is higher than expected by 2.3 percentage points (EUR 13.4 million).

2. AGRICULTURAL RESERVE (BUDGET ARTICLE 08 02 01)

For budget year 2023, EUR 450 million was voted to cover the potential expenditure under the agricultural reserve. Until the end of August, five measures, totaling EUR 530.5 million, have been adopted:

- exceptional market-support measures for the eggs and poultrymeat sectors in Poland (EUR 17.0 million)[1];
- emergency support measure for the cereal and oilseed sectors in Bulgaria, Poland and Romania (EUR 56.3 million)[2];
- exceptional market support measures for the eggs and poultrymeat sectors in Italy (EUR 27.2 million)[3];
- emergency support measure for the cereal and oilseed sectors in Bulgaria, Hungary, Poland, Romania and Slovakia (EUR 100.0 million)[4];
- emergency financial support for the agricultural sectors affected by specific problems impacting on the economic viability of agricultural producers (EUR 330.0 million)[5].

The first three measures are financed under the 2023 agricultural reserve, thus under Budget 2023. The eligibility dates for the last two measures fall into two different EAGF financial years. Consequently, they are financed both under the 2023 and 2024 agricultural reserves (Budget 2023 and Budget 2024). Until 31 August 2023, EUR 10.0 million of payments have been declared.

3. IMPLEMENTATION OF REVENUE ASSIGNED TO THE EAGF (BUDGET ITEM 6 2 0 0)

The table in the annex shows that assigned revenue amounting to EUR 505.5 million was collected as of end August 2023. This includes:

- revenue collected during the budget year, of EUR 503.1 million. It concerns mainly the revenue from corrections included in accounting and conformity clearance decisions, but also from irregularities declared by Member States.

- while no carryover amount was estimated when adopting the 2023 budget, revenue eventually carried over from 2022 to 2023 amounted to EUR 2.3 million.

[1] Commission Implementing Regulation (EU) 2022/2406, OJ L 317, 9.12.2022, p. 56–63.
[2] Commission Implementing Regulation (EU) 2023/739, OJ L 96, 5.4.2023, p. 80–84.
[3] Commission Implementing Regulation (EU) 2023/834, OJ L 105, 20.4.2023, p. 2–8.
[4] Commission Implementing Regulation (EU) 2023/1343, OJ L 168, 03.7.2023, p. 22–26.
[5] Commission Implementing Regulation (EU) 2023/1465, OJ L 180, 17.7.2023, p. 21–27.

4. CONCLUSIONS

The provisional execution of the 2023 EAGF budget appropriations for the period up to 31 August 2023 is slightly higher (EUR 408.2 million or 1.0 percentage point) than the calculated expenditure profile.

An amount of EUR 505.5 million of assigned revenue is already available and additional amounts are expected to be collected in the course of the budget year.

At present, the Commission expects that the voted appropriations together with the amount of assigned revenue that will be available by the end of the budget year will be sufficient to cover all expenditure.