

Common agricultural policy CAP: financing

2007/0045(CNS) - 26/11/2007 - Final act

PURPOSE: to amend Regulation (EC) No 1290/2005 on the financing of the common agricultural policy.

LEGISLATIVE ACT : Council Regulation (EC) No 1437/2007 amending Regulation (EC) No 1290/2005 on the financing of the common agricultural policy

CONTENT : The Council adopted by a qualified majority a Regulation amending Regulation (EC) No 1290/2005 on the financing of the common agricultural policy. The Regulation aims to supplement or clarify certain aspects of current procedures.

The requirement on the publication of information on beneficiaries of Community funds, as inserted into the Financial Regulation by Council Regulation (EC, Euratom) No 1995/2006, provides that the necessary details shall be laid down in the relevant sector-specific rules. In order to implement this obligation, Council Regulation (EC) No 1290/2005 had to be modified. Furthermore, this Regulation addresses a number of problems regarding the effective application of the Regulation 1290/2005.

The main points are as follows:

Publication of information on beneficiaries of EAGF and EAFRD funding: the principles included contain the following:

- as regards EAGF expenditure, a split between direct payments and other funding;
- as regards EAFRD expenditure, one single amount of total public funding;
- ex-post annual publication per budget year;
- publication to cover EAFRD expenditure effected as of 1 January 2007 and EAGF expenditure effected as of 16 October 2007;
- Member States will be responsible for publication at national level and also responsible for ensuring the accuracy of the data published. The details should be laid down in implementing rules to be adopted by the Commission.

Reduction and suspension of monthly and intermediate payments to Member States: a new mechanism is introduced under which the Commission is empowered, but not obliged, to reduce or suspend payments. This mechanism could be triggered only if all below mentioned conditions are met:

- the Commission has already imposed two financial corrections in respect of the same measure and for the same reason;
- one or more of the key components of the control system in question do not exist or are not effective due to the gravity or persistence of the deficiencies found;
- the projection of the Commission is such that the Member State has failed to implement Commission's recommendation to remedy the situation and cannot or will not remedy the deficiencies in question in the immediate future.

The suspension or reduction would follow a "warning letter" sent to the Member State. The decision would be valid for a period to be determined by the Commission covering payments after the decision, without the need to repeat the procedure each month.

Modification of Article 31(5) of the Regulation (exceptions to the 24-month rule): Regulation (EEC) No 4045/89 requires Member States to carry out ex-post controls on certain CAP expenditure. A literal interpretation of the 24-month-rule laid down in Article 31(4) of the Regulation prevents the Commission from imposing financial corrections on the Member States in case they do not comply with their control obligations under the above-mentioned Regulation due to the lack of time left after controls made by the Member State. In order to deal with this problem, the limitation in time will not apply for infringements of the Member States' control obligations under Regulation (EEC) No 4045/89, provided that the Commission acts upon the Member States' report within a period of 12 months after receipt of that report.

Technical adaptations: lastly, the Council has made some smaller technical adaptations in order to resolve problems that have been identified concerning mainly the coherence between the financial management of the EAFRD and the financial management of the Structural Funds and the financing of intervention measures if no sum per unit is determined

ENTRY INTO FORCE : 14/12/2007.

APPLICATION: point (3) and Article 1(5) (regarding suspension and reduction of intermediate payments in specific cases) shall apply as from 1 July 2008.

Article 1(6) (regarding modification of Article 31(5) of the Regulation) shall apply with respect to the Member States' reports received by the Commission after 1 January 2008, excluding any expenditure effected by Member States before the financial year 2006.