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

**on EAGF expenditure  
Early Warning System No 1-3/2023**

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## **1. THE 2023 EAGF BUDGET PROCEDURE**

On 23 November 2022, the European Parliament adopted the 2023 general budget of the European Union. The budget for the European Agricultural Guarantee Fund (EAGF) amounts to EUR 40 692 million of commitment appropriations and EUR 40 698 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 45 of Regulation (EU) 2021/2116, revenue originating from financial corrections under financial and performance 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. The assigned revenue collected and left unused within the budget year is automatically carried forward to the following budget year<sup>1</sup>.

The 2023 EAGF budget includes:

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

In its proposal for the 2023 EAGF budget appropriations, the Commission took into consideration the total expected assigned revenue. For the 2023 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 2023 taking account of the expected assigned revenue.

At the time of establishing the 2023 budget, the Commission's estimate of the available assigned revenue was EUR 632 million. With no carryover expected from 2022 to 2023, it was estimated that the entire amount would be collected during the budget year. The Commission considered 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 14 826.3 million including EUR 2.3 million assigned revenue carried over from the previous budget year.

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<sup>1</sup> Art 12(4)(b) of Regulation (EU, Euratom) 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 2023 budget and its comparison to the expected expenditure profile.

### **3. AGRICULTURAL RESERVE**

For budget year 2023, EUR 450 million was voted to cover the potential expenditure under the agricultural reserve (08 02 01). Until the end of January, one measure, allocating EUR 17 million, has been adopted for exceptional market-support measures for eggs and poultry meat in Poland<sup>2</sup>. So far, no expenditure has been declared, but the full amount is forecasted to be executed.

In line with Article 16 of Regulation (EU) 2021/2116, further measures may be adopted to provide additional support for the agricultural sector for the purpose of market management or stabilisation and to respond promptly in the case of crises affecting the agricultural production or distribution.

### **4. 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 January 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.

#### **4.1. TYPES OF INTERVENTIONS IN CERTAIN SECTORS UNDER THE CAP STRATEGIC PLANS**

So far, no expenditure has been declared for the new Sector Types of Interventions under the CAP Strategic Plans (Types of interventions in certain sectors under the CAP Strategic Plans (CSP) - 08 02 02). As it was foreseen differently in the profiles, a deviation appears for all budget items under this article. The deviation is considered temporary at this stage. In the case of Hops (08 02 02 04), the payment was made outside the CSP (see comment under 4.2, for 08 02 03 09).

#### **4.2. MARKET-RELATED EXPENDITURE OUTSIDE THE CAP STRATEGIC PLANS**

The uptake of appropriations for Market-related expenditure outside the CAP Strategic Plans (08 02 03) is generally in line with the consumption profile.

The expenditure for POSEI and Smaller Aegean Islands (08 02 03 01) shows a deviation of EUR -10.8 million (-4.7 percentage points) from the consumption profile.

The implementation of the actions for “Promotion of agricultural products – Simple programmes under shared management” (08 02 03 02) is EUR 3.4 million (4.1 percentage points) higher than the profile.

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<sup>2</sup> Commission Implementing Regulation (EU) 2022/2406, OJ L 317, 9.12.2022, p. 56–63

For the school schemes (08 02 03 04), the expenditure declared so far is EUR 4.7 million (2.7 percentage points) higher than the profile.

The expenditure so far for Olive oil (08 02 03 05) is EUR 0.2 million lower (2.2 percentage points) than expected at the end of January according to the consumption profile.

Expenditure declared so far for Fruit and vegetables (08 02 03 06) is EUR 6.4 million (1.3 percentage points) higher than expected at the end of January according to the expenditure profile.

For the wine support programmes (08 02 03 07), the expenditure declared so far is 9.3 million (1.5 percentage points) ahead of the expenditure profile.

For apiculture (08 02 03 08) the expenditure declared so far is 5.3 percentage points (EUR 0.3 million) higher than expected at the end of January according to the consumption profile.

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 Sector Types of Interventions under the CAP Strategic Plans).

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

At present, except for Public and private Storage measures, the divergences from the profiles for the above types of measures are considered temporary and the budgeted amounts are expected to be implemented towards the end of the year.

#### **4.3. DIRECT PAYMENTS OUTSIDE THE CAP STRATEGIC PLANS**

The uptake of appropriations for direct payments outside the CAP Strategic Plans (08 02 05) is generally in line with the consumption profile. By end January 2023, Member States declared in total EUR 31 882.0 million for this budget article.

The expenditure made for the Redistributive payment (08 02 05 03), Payment for agricultural practices that are beneficial for the climate and the environment (08 02 05 05), Payments for farmers in areas with natural constraints (08 02 05 06), the Crop-specific payment for Cotton (08 02 05 08), the Voluntary coupled support scheme (08 02 05 09) and the Small farmers scheme (08 02 05 10) are in line with the consumption profile.

The expenditure so far for POSEI and Smaller Aegean Islands (08 02 05 01) is EUR 9.5 million (-2.1 percentage points) lower than expected at the end of January according to the consumption profile.

The declared expenditure for the Single area payment scheme (08 02 05 02) is EUR 75.3 million below the profile (-1.7 percentage points).

For the Basic payment scheme (08 02 05 04), the profile is calculated taking into account the assigned revenue. On this basis, the expenditure for this scheme is EUR 248.0 million (-1.7 percentage points) lower than expected (see the “For Information Only” box of the annex).

The declared expenditure for the young farmers scheme (08 02 05 07) is EUR 38.0 million below the profile (-8.0 percentage points).

At this stage, the divergences from the profiles for the above schemes are considered temporary and the budgeted amount is expected to be implemented towards the end of the year.

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

The table in the annex shows that assigned revenue amounting to EUR 389.3 million was collected as of end January 2023. This includes:

- revenue under budget item 62 00 at EUR 387.0 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.

## **6. CONCLUSIONS**

The provisional execution of the 2023 EAGF budget appropriations, for the period up to 31 January 2023, is, in relative terms, in line with the calculated expenditure profile.

An amount of EUR 389.3 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.