



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 13 August 2013

Commission to recover €180 million of CAP expenditure from the Member States

A total of €180 million of EU agricultural policy funds, unduly spent by Member States, is being claimed back by the European Commission today under the so-called clearance of accounts procedure. However, because some of these amounts have already been recovered from the Member States the financial impact of today's decision will be some €169 million. This money returns to the EU budget because of non-compliance with EU rules or inadequate control procedures on agricultural expenditure. Member States are responsible for paying out and checking expenditure under the Common Agricultural Policy (CAP), and the Commission is required to ensure that Member States have made correct use of the funds.

Main financial corrections

Under this latest decision, funds will be recovered from 15 Member States: Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Latvia, Luxembourg, Hungary, Poland, Slovenia, Finland and the United Kingdom. The most significant individual corrections are:

- **€ 40.4 million** charged to **UK** for weaknesses related to the Land Parcel Identification System – Geographical Information System (LPIS-GIS), to the on-the-spot checks and to the payments and sanctions in Scotland
- **€ 39.2 million (financial impact¹ : €30.4 million)** charged to **Poland** for weaknesses related to the LPIS-GIS, administrative cross-checks, payments, application of sanctions, retro-active recoveries and the lateness of on-the-spot checks
- **€ 18.6 million (financial impact² : €16.6 million)** charged to **UK** for deficiencies in the allocation of entitlements
- **€ 11.5 million** charged to **Denmark** for deficiencies in the LPIS and in the on-the-spot controls.

¹ The financial impact is lower due to amounts already recovered from or paid back by the Member State.

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Background

Member States are responsible for managing most CAP payments, mainly via their paying agencies. They are also in charge of controls, for example verifying the farmer's claims for direct payments. The Commission carries out over 100 audits every year, verifying that Member State controls and responses to shortcomings are sufficient, and has the power to claw back funds in arrears if the audits show that Member State management and control is not good enough to guarantee that EU funds have been spent properly.

For details on how the clearance of annual accounts system works, see [MEMO/12/109](#) and the factsheet "Managing the agriculture budget wisely", available on the internet at: http://ec.europa.eu/agriculture/fin/clearance/factsheet_en.pdf.

Details of the individual corrections, by Member State and by sector, are given in the tables attached (annexes I and II).

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Annex I : Conformity clearance of accounts of EAGF and EAFRD**Decision 42: Corrections by Member state (In Million €)**

<i>Sector and reason for correction</i>	<i>Amount of correction</i>	<i>Amount of financial impact of the correction³</i>
Belgium		
Fruit and Vegetables - correction proposed for non-compliance with recognition criteria for the Producer Organisation	4.108	4.108
Germany		
Potato Starch - correction proposed for deficiencies in the payment mechanism in a potato starch company	6.193	6.193
Area Aid - correction proposed for weakness of on-the-spot checks and for ineligibility of landscape features	1.050	1.050
Denmark		
Area Aid - correction proposed for deficiencies in the LPIS and in the on-the-spot controls	11.455	11.455
Spain		
Cross-compliance - correction proposed for deficiencies in sanctioning system and 1 good agricultural and environmental condition (GAEC) missing	5.310	5.309
Rural Development - correction proposed for not correctly carried out verification of the respect of the selection criterion	0.271	0.271
Rural Development - correction proposed for weaknesses of the on-the-spot controls	1.176	1.176

³ Financial impact of the correction is taking into account the previous overlapping corrections and amounts already recovered by the European Commission

Finland

Intervention Storage - correction proposed for mistakes in the management in case of in-situ movements in the store	0.715	0.715
Area Aid - correction proposed for non-application of sanctions, deficiencies in recalculation of entitlements, deficiencies in the quality of on-the-spot checks	3.980	3.980
Rural Development - correction proposed for weaknesses in verification of fulfilment of agri-environment commitments	0.286	0.286
Rural Development - correction proposed for lack of verification of annual veterinary certificates	0.333	0.333

France

Intervention Storage - correction proposed for deficiencies in control and reporting mechanism in public storage of alcohol	0.405	0.405
Intervention Storage - correction proposed for late payments for the public storage scheme for skimmed-milk powder	0.089	0.089
Livestock Premiums - correction proposed for deficiencies in the verification of eligibility criteria for sheep premiums	1.335	1.335

UK

Livestock premium - correction proposed for non-application of reductions and exclusions for irregularities detected by the administrative checks; undue payment made due to delays in updating the I&R database; payments to animals with both ear tags missing	0.777	0.777
Area Aid - correction proposed for weaknesses related to the Land Parcel Identification System - Geographical Information System (LPIS-GIS), to the on-the-spot checks and to the payments and sanctions in Scotland	40.454	40.437
Area Aid - correction proposed for errors in allocation of entitlements	18.565	16.611
Rural Development - correction proposed for lack of traceability of on-the-spot-checks	0.134	0.120

Greece

Fruits and Vegetables - correction proposed for deficiencies in controls of records kept by Producer Organisations, in the administrative and accounting checks of the producers and Producer Organisations; unauthorised cash payments; absence of control of tally checks and of checks on stocks	3.018	3.018
POSEI - correction proposed for inadequate geographic information system (GIS) for olive cultivation	2.173	2.173

Hungary

Export Refunds - correction proposed for absence of tachograph checks at exit on live cattle exports	0.235	0.235
Area Aid - correction proposed for weaknesses in the LPIS-GIS	4.995	4.995
Rural development - correction proposed for deficiencies in verification of eligibility criterion, weakness in the key controls and in the calculation of the aid	3.170	3.170

Ireland

Intervention Storage - correction proposed for ineligible amounts compensated in the framework of the exceptional support measure for the pig meat and beef market	0.480	0.450
Area Aid - correction proposed for weaknesses in the LPIS-GIS, on the spot checks and in the registration and control procedure of Common land, application of undue tolerances during administrative cross-checks, incorrect penalty calculation	5.539	5.539

Italy

Fruits and Vegetables - correction proposed for recurrent weaknesses in the administrative, accounting and physical checks and for deficiencies in the application of sanctions for citrus processing scheme in Sicily	4.861	4.861
Fruits and Vegetables - correction proposed for recurrent weaknesses in the administrative, accounting and physical checks and for deficiencies in the application of sanctions for citrus processing scheme in Calabria	8.937	8.937
Intervention Storage - correction proposed for late payments in the private storage of cheese	0.976	0.976
Cross-compliance - corrigendum of Decision 2013/123/EU: reimbursement due to the overlapping corrections not taken into account in Decision 40	0	Reimbursement of 0.076

Luxembourg

Rural development - correction proposed for deficiencies in control of animals and in traceability of controls, lack of controls of the delegated on-the-spot controls and lack of comparison of the controls' results	0.279	0.279
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Latvia

Rural development - correction proposed for insufficient control on the eligibility criterion in the semi-subsistence farming scheme	1.232	1.232
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Poland

Intervention Storage - correction proposed for incorrect booking of the costs for 'removal costs' in public storage accounts on maize and butter	0.047	0.047
Intervention Storage - correction proposed for incorrect booking of the value of the products in the public storage accounts for cereals and sugar	0.011	0.011
Area Aid - correction proposed for weaknesses related to the LPIS-GIS, administrative cross-checks, payments, application of sanctions, retro-active recoveries and the lateness of on-the-spot checks	39.177	30.416

Slovenia

Area Aid - correction proposed for LPIS weaknesses including ineligible payments, incorrect calculation of sanctions and retro-active recoveries of undue payments	8.090	8.090
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TOTAL	179.830	169.005
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Annex II : Clearance of accounts of EAGF and EAFRD**Decision 42: Corrections by Sector (In Million €)**

Sector	Amount of correction	Amount of financial impact of the correction⁴
Export refunds	0.235	0.235
Fruit and Vegetables	20.925	20.925
Intervention Storage	2.693	2.693
Potato Starch	6.139	6.193
POSEI	2.173	2.173
Livestock premiums	2.111	2.111
Area aid	133.307	122.574
Cross-compliance	5.310	5.234
Rural development	6.882	6.867
TOTAL	179.830	169.005

⁴ Financial impact of the correction is taking into account the previous overlapping corrections and amounts already recovered by the European Commission