

COMMISSION IMPLEMENTING REGULATION (EU) No 181/2014

of 20 February 2014

laying down rules for the application of Regulation (EU) No 229/2013 of the European Parliament and of the Council laying down specific measures for agriculture in favour of the smaller Aegean islands

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 229/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in favour of the smaller Aegean islands and repealing Council Regulation (EC) No 1405/2006 ⁽¹⁾, and in particular Article 6(2), Article 7, Articles 11(3) and 12(2), Article 13, the second subparagraph of Article 14(1) and Article 15(3) thereof,

Whereas:

- (1) Regulation (EU) No 229/2013 has repealed and replaced Council Regulation (EC) No 1405/2006 ⁽²⁾. Regulation (EU) No 229/2013 empowers the Commission to adopt delegated and implementing acts. In order to ensure the smooth functioning of the scheme in the new legal framework, rules should be adopted by means of such acts. The new rules should replace the implementing rules of Commission Regulation (EC) No 1914/2006 ⁽³⁾. That Regulation is repealed by Commission Delegated Regulation (EU) No 178/2014 ⁽⁴⁾.
- (2) Rules should be laid down for fixing the amount of aid for the supply of products under the specific supply arrangements. Such rules should take account of the additional costs of supply to the smaller Aegean islands due to their remoteness and insularity, which constitute a burden that severely handicaps them.
- (3) The aid scheme for the supply of products under the specific supply arrangements should be managed by means of a certificate, called an 'aid certificate', using the import licence form.
- (4) Management of the specific supply arrangements requires the introduction of rules on the issue of the aid certificate, which derogate from the normal rules applicable to import licences pursuant to Commission Regulation (EC) No 376/2008 ⁽⁵⁾.
- (5) Management of the specific supply arrangements should allow two objectives to be pursued. First, it should promote the rapid issue of certificates, particularly by no longer requiring a security to be lodged beforehand in all cases, and the rapid payment of aid for supplies of products. Second, it should guarantee the control and monitoring of operations and provide the administrative authorities with the instruments they need to ascertain that the objectives of the scheme are being attained. Those objectives are to secure a regular supply of certain agricultural products and to offset the effects of the geographical situation of the smaller Aegean islands by ensuring that the advantages of the scheme are actually passed on to the stage at which the products destined for the end-users are placed on the market.
- (6) The rules for the administration of the specific supply arrangements should ensure that, within the framework of the quantities laid down in the forecast supply balances, registered operators obtain a certificate for the products and quantities involved in the commercial transactions which they carry out on their own account, on presentation of documents certifying that the operation is genuine and that the application for a certificate is in order.
- (7) Monitoring of operations qualifying under the specific supply arrangements requires, inter alia, proof to be furnished that the supply operation covered by the certificate has been carried out in a short time-span and the transfer of the rights and obligations conferred on the holder of the certificate in question to be prohibited.

⁽¹⁾ OJ L 78, 20.3.2013, p. 41.

⁽²⁾ Council Regulation (EC) No 1405/2006 of 18 September 2006 laying down specific measures for agriculture in favour of the smaller Aegean islands (OJ L 265, 26.9.2006, p. 1).

⁽³⁾ Commission Regulation (EC) No 1914/2006 of 20 December 2006 laying down detailed rules for applying Council Regulation (EC) No 1405/2006 laying down specific measures for agriculture in favour of the smaller Aegean islands (OJ L 365, 21.12.2006, p. 64).

⁽⁴⁾ Commission Delegated Regulation (EU) No 178/2014 of 6 November 2013 supplementing Regulation (EU) No 229/2013 of the European Parliament and of the Council laying down specific measures for agriculture in favour of the smaller Aegean islands (see page 1 of this Official Journal).

⁽⁵⁾ Commission Regulation (EC) No 376/2008 of 23 April 2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products (OJ L 114, 26.4.2008, p. 3).

- (9) Rules should be laid down on the authorisation and monitoring of exports of products covered by the specific supply arrangements to third countries and their dispatch to the rest of the Union. In particular, it is expedient to lay down the maximum quantities of processed products which may be the subject of traditional exports or consignments.
- (10) In order to protect consumers and the commercial interests of operators, products which are not of sound and fair marketable quality, within the meaning of Article 28 of Commission Regulation (EC) No 612/2009⁽¹⁾ should be excluded from the specific supply arrangements no later than the time when they are first placed on the market and appropriate measures should be taken where this requirement is not met.
- (11) The competent authorities of Greece should lay down the detailed administrative rules needed to ensure the management and monitoring of the specific supply arrangements.
- (12) In order to be able to assess how the arrangements are being implemented, the competent authorities of Greece should be required to report to the Commission at regular intervals.
- (13) The coverage of aid applications and the documents to be attached with a view to assessing their justification should be specified for each aid scheme directed at local production.
- (14) It should be possible to amend at any time aid applications containing manifest errors.
- (15) The deadlines for submitting and amending aid applications have to be complied with to enable the Greek national authorities to programme and subsequently carry out effective checks on the correctness of applications for aid for local production. Time limits should therefore be fixed beyond which submissions can no longer be accepted. Moreover, a reduction should be applied to encourage aid applicants to respect the time limits.
- (16) Applicants should be allowed to withdraw their applications for aid for local production or parts thereof at any time, provided that the competent authority has not yet informed the applicant of any errors contained in the aid application or announced an on-the-spot check which reveals errors in the part concerned by the withdrawal.
- (17) Compliance with the rules on aid schemes managed under the integrated administration and control system should be effectively monitored. To this end, and to achieve a harmonised level of monitoring in all Member States, the criteria and technical procedures for carrying out administrative and on-the-spot checks should be set out in detail. Where appropriate, Greece should strive to combine the various checks under this Regulation with those provided for under other Union provisions.
- (18) The minimum number of aid applicants to undergo on-the-spot checks under the various aid schemes should be determined.
- (19) The sample for the minimum rate of on-the-spot checks should be selected partly on the basis of a risk analysis and partly at random. The main factors to be taken into consideration for the risk analysis should be specified.
- (20) Where significant irregularities are found, the rate of on-the-spot checks should be increased during the current and following years in order to attain an acceptable level of assurance that the aid applications concerned are correct.
- (21) For on-the-spot checks to be effective, it is important for the inspectors to be informed of the reasons for which the aid applicants concerned have been selected for an on-the-spot check. Greece should keep records of such information.
- (22) In order to enable the Greek national authorities and any competent authority of the Union to follow up on-the-spot checks carried out, the details of checks should be recorded in an inspection report. Aid applicants or their representatives should be given the opportunity to sign the report. However, in the case of remote-sensing checks, Greece should be allowed to provide for this right only in cases where the check reveals irregularities. Moreover, irrespective of the kind of on-the-spot check carried out, the aid applicant should receive a copy of the report if irregularities are found.
- (23) In order to protect the financial interests of the Union effectively, adequate measures should be adopted to combat irregularities and fraud.
- (24) Reductions and exclusions should be determined having regard to the principle of proportionality and the special problems arising in cases of force majeure, exceptional circumstances and natural disasters. Such reductions and exclusions should be graded according to the gravity of the irregularity committed and should go as far as the total exclusion from one or more aid schemes for local production for a specified period.
- (25) As a general rule, reductions and exclusions should not be applied where aid applicants have submitted factually correct information or can otherwise show that they are not at fault.

⁽¹⁾ Commission Regulation (EC) No 612/2009 of 7 July 2009 laying down common detailed rules for the application of the system of export refunds on agricultural products (OJ L 186, 17.7.2009, p. 1).

- (26) An applicant who notifies the competent national authorities at any time of incorrect aid applications should not be the subject of reductions or exclusions, irrespective of the reason for the incorrectness, provided that the applicant concerned has not been informed of the competent authority's intention to carry out an on-the-spot check and provided that the authority has not already informed the applicant of any irregularity in the application. The same should apply to incorrect data contained in the computerised database.
- (27) Where various reductions are to be applied to the same aid applicant, they should be applied independently of each other. Moreover, the reductions and exclusions provided for in this Regulation should be applied without prejudice to additional penalties under any other provisions of Union or national law.
- (28) Aid applicants who are unable to fulfil the obligations provided for under the detailed rules for implementing the programmes as a consequence of force majeure or exceptional circumstances should not lose their entitlement to the aid. It should be specified which cases, in particular, may be recognised by the competent authorities as exceptional circumstances.
- (29) In order to ensure uniform application of the principle of good faith throughout the Union, where unduly paid amounts are recovered, the conditions under which that principle may be invoked should be laid down without prejudice to the treatment of the expenditure concerned in the context of the clearance of accounts.
- (30) The procedures for amending the support programme need to be simplified in order to ensure a more flexible and smoother adaptation of the programme to the actual conditions relating to the supply arrangements and the local agricultural productions. For this reason, it is necessary to postpone by two months the deadline for the submission of the annual modifications so that it is aligned to the deadline laid down in Article 20(2) of Regulation (EU) No 229/2013 for the submission of the annual implementation reports. However, major amendments need to be submitted timely to the Commission in order to allow for their thorough evaluation and an approval decision by the date of applicability of those amendments.
- (31) Greece should submit to the Commission all information relating to the implementation of the programme and necessary to ensure their proper monitoring over time. For this reason it is necessary to establish a minimum set of common performance indicators and the content and the deadlines for the periodical communications and statistics concerning the specific supplies arrangements and the measures to support the local production as well as for the annual implementation reports. In order to allow the notification of more reliable data on the specific supply arrangements, an additional deadline should be introduced for the transmission of the final annual

data. For the same reason, the deadline for the notification of the aid applications relating to support for local production should be postponed by one month.

- (32) All notifications from the Member States to the Commission that are necessary for the good functioning of the scheme should be made in accordance with Commission Regulation (EC) No 792/2009 ⁽¹⁾.
- (33) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Direct Payments,

HAS ADOPTED THIS REGULATION:

CHAPTER I

SPECIFIC SUPPLY ARRANGEMENTS

SECTION 1

Forecast supply balances

Article 1

Purpose of forecast supply balances and amendments thereto

The forecast supply balances to be established by Greece in accordance with Article 8(2) of Regulation (EU) No 229/2013 shall state the quantities of essential products needed to meet the supply requirements of the smaller Aegean Islands (hereinafter referred to as 'smaller islands') every calendar year.

Greece may amend its forecast supply balance. Article 32 of this Regulation shall apply *mutatis mutandis* to such amendments.

SECTION 2

Functioning of the supply arrangements

Article 2

Fixing and granting of aid

1. For the purposes of Article 9(1) of Regulation (EU) No 229/2013, Greece shall determine within the context of the programme the amount of the aid to be granted for each product in order to compensate for remoteness, insularity and distant location, taking into account:

- (a) the specific needs of the smaller islands and the precise quality requirements;
- (b) traditional trade flows with ports in mainland Greece and between the islands in the Aegean Sea;

⁽¹⁾ Commission Regulation (EC) No 792/2009 of 31 August 2009 laying down detailed rules for the Member States' notification to the Commission of information and documents in implementation of the common organisation of the markets, the direct payments' regime, the promotion of agricultural products and the regimes applicable to the outermost regions and the smaller Aegean islands (OJ L 228, 1.9.2009, p. 3).

- (c) the economic aspect of the proposed aid;
- (d) where applicable, the need not to obstruct the potential development of local products;
- (e) as regards specific additional transport costs, the intermediate reloading costs involved in supplying goods to the smaller islands;
- (f) as regards the specific additional costs involved in local processing, the small size of the market and the need to guarantee security of supply for goods in the smaller islands concerned.

2. No aid shall be granted for the supply of products in a smaller island which has already benefited from the specific supply arrangements in another smaller island.

Article 3

Aid certificate and payment

1. Aid shall be granted on presentation of a certificate, (hereinafter referred to as 'aid certificate'), which has been fully utilised.

Presenting an aid certificate to the authorities responsible for making payments shall be tantamount to applying for the aid. Except in cases of *force majeure* or exceptional climatic conditions, certificates shall be presented within 30 days of the date on which they are charged. Where that time limit is overrun, the aid shall be reduced by 5 % per day of delay.

The aid shall be paid by the competent authorities not later than 90 days after the date on which the utilised certificate is lodged, except in one of the following cases:

- (a) *force majeure* or exceptional climatic conditions;
- (b) where an administrative enquiry has been opened concerning entitlement to the aid; in such cases, payment shall take place only after entitlement has been recognised.

2. Aid certificates shall be drawn up on the basis of the specimen import licence set out in Annex I to Regulation (EC) No 376/2008.

Article 7(5) and Articles 12, 14, 16, 17, 18, 20, 22, 25, 26, 28, 32 and 35 to 40 of Regulation (EC) No 376/2008 shall apply *mutatis mutandis*, without prejudice to this Regulation.

3. The entry 'aid certificate' shall be printed or stamped in box 20 (special particulars) of the certificate.

4. Boxes 7 and 8 of the certificate shall be struck out.

5. Box 12 of aid certificates shall show the last day of validity.

6. The amount of the aid applicable shall be that in force on the day on which the application for the aid certificate was lodged.

7. The competent authority shall issue aid certificates at the request of the parties concerned, subject to the limits of the forecast supply balances.

Article 4

Passing on the advantage to the end-user

For the purposes of Article 12(1) of Regulation (EU) No 229/2013, the competent authorities shall take all appropriate measures to check that the advantage is actually passed on to the end-user. In doing so, they may assess the trading margins and prices applied by the various operators concerned.

The measures referred to in the first paragraph, and in particular the control points used to determine whether the aid has been passed on, and any amendments made, shall be notified to the Commission in the context of the annual implementation report provided for in Article 20(2) of Regulation (EU) No 229/2013.

Article 5

Register of operators

1. In order to be eligible for entry in the register referred to in the second subparagraph of Article 11(1) of Regulation (EU) No 229/2013, operators shall undertake to:

- (a) communicate to the competent authorities, at their request, all relevant information about their commercial activities, particularly regarding the prices and profit margins they practise;
- (b) operate exclusively in their own name and on their own account;
- (c) submit certificate applications commensurate with their real capacity to dispose of the products concerned, such capacity being proven by reference to objective factors;
- (d) refrain from acting in any way likely to create artificial shortages of products and from marketing the available products at artificially low prices;
- (e) ensure to the satisfaction of the competent authorities that, when the agricultural products are disposed of in the smaller islands, the advantage is passed on to the end-user.

2. Operators intending to dispatch to the rest of the Union or export to third countries unprocessed, processed or packaged products under the conditions referred to in Article 11 shall, at the time of applying for entry in the register or later, declare their intention to engage in this activity and indicate the location of the packaging plant where applicable.

3. Processors intending to export to third countries or dispatch to the rest of the Union processed products under the conditions referred to in Article 11 or 12 shall, at the time of applying for entry in the register or later, declare their intention to engage in this activity, indicate the location of the processing plant and, where applicable, provide analytical lists of the processed products.

*Article 6***Documents to be presented by operators and validity of aid certificates**

1. The competent authorities shall accept the aid-certificate application presented by operators for each consignment, provided that they are accompanied by the original or a certified copy of the purchase invoice.

The purchase invoice, bill of lading or airway bill shall be drawn up in the name of the applicant.

2. The period of validity of certificates shall be 45 days. The validity period may be extended by the competent authority in special cases where serious and unforeseeable difficulties affect the transportation time, but may not exceed two months from the date on which the certificate was issued.

*Article 7***Presentation of certificates and goods**

1. For products covered by the specific supply arrangements aid certificates shall be presented to the competent authorities within no more than 15 working days from the date of the authorisation for unloading the goods. The competent authorities may reduce this maximum time.

2. The goods shall be presented in bulk or in separate lots corresponding to the certificate presented.

*Article 8***Quality of products**

Conformity of the products with the requirements laid down in Article 9(2) of Regulation (EU) No 229/2013 shall be examined no later than the stage of first marketing, in accordance with the standards or practices in force in the Union.

Where a product is considered not to meet the requirements laid down in Article 9(2) of Regulation (EU) No 229/2013, its entitlement under the specific supply arrangements shall be withdrawn and the corresponding quantity shall be reattributed to the forecast supply balance.

Where aid has been granted in accordance with Article 3 of this Regulation, the aid shall be reimbursed.

*Article 9***Significant increases in application for aid certificates**

1. If the state of execution of a forecast supply balance indicates a significant increase in applications for aid certificates for a given product which might jeopardise achievement of one or more of the objectives of the specific supply arrangements, Greece shall take all necessary measures, after having consulted the authorities concerned, to ensure that the smaller islands are supplied with essential products, taking account of available supply and the requirements of the priority sectors.

2. Where, after having consulted the authorities concerned, Greece decides to apply restrictions on the issue of certificates,

the competent authorities shall apply a uniform reduction percentage to all pending applications.

*Article 10***Fixing a maximum quantity per certificate application**

Insofar as is strictly necessary to avoid disturbances on the market in the smaller islands, or the pursuit of speculative actions likely to be prejudicial to the smooth functioning of the specific supply arrangements, the competent authorities may fix a maximum quantity per certificate application.

The competent authorities shall notify the Commission immediately of the instances in which this Article is applied.

The notification referred to in this Article shall be made in accordance with Regulation (EC) No 792/2009.

SECTION 3

Export and dispatch*Article 11***Conditions of export or dispatch**

1. The export and dispatch of unprocessed products which have benefited from the specific supply arrangements, or packaged or processed products containing products which have benefited from the specific supply arrangements, shall be subject to the requirements laid down in paragraphs 2 and 3.

2. Quantities of products which have benefited from aid and are exported or dispatched shall be reattributed to the forecast supply balance and the aid granted shall be reimbursed by the exporter or consignor by the time of export or dispatch at the latest.

Those products shall not be dispatched or exported until the reimbursement referred to in the first subparagraph has been made.

Where it is impossible to establish the amount of aid granted, the products shall be considered to have received the highest rate of aid fixed by the Union for such products during the six-month period preceding the submission of the application for export or dispatch.

Such products may benefit from an export refund, provided that the criteria for granting such a refund are met.

3. The competent authorities shall authorise the export or dispatch of quantities of processed products other than those referred to in paragraph 2 and in Article 12 only where the processor or exporter certifies that the products concerned do not contain raw materials introduced under the specific supply arrangements.

The competent authorities shall authorise the re-export or re-dispatch of unprocessed products or packaged products other than those referred to in paragraph 2 only where the consignor certifies that those products have not benefited from specific supply arrangements.

The competent authorities shall carry out the necessary checks to ensure the accuracy of the certificates referred to in the first and second subparagraphs and shall, if necessary, recover the advantage.

Article 12

Traditional exports and traditional dispatches of processed products

1. Processors who have declared, in accordance with Article 5(3), that they intend to export or to dispatch in the context of traditional trade flows, as referred to in Article 13(2) of Regulation (EU) No 229/2013, processed products containing raw materials which have benefited from specific supply arrangements may do so within the limits of the annual quantities indicated in Annex I to this Regulation. The competent authorities shall deliver the requisite authorisations in such a way as to ensure that transactions do not exceed those annual quantities.

2. The export of products referred to in paragraph 1 shall not be subject to the presentation of an export licence.

SECTION 4

Management, controls and monitoring

Article 13

Checks

1. The administrative checks carried out on the, entry, export and dispatch of agricultural products shall be exhaustive and shall involve cross-checks with the documents referred to in Article 6(1).

2. The physical checks carried out in the smaller islands on the, entry, export and dispatch of agricultural products shall involve a representative sample amounting to at least 5 % of the certificates presented in accordance with Article 7.

Commission Regulation (EC) No 1276/2008 ⁽¹⁾ shall apply *mutatis mutandis* to those physical checks.

In special cases the Commission may request that physical checks cover different percentages.

Article 14

National management and monitoring rules

The competent authorities shall adopt the additional rules needed to manage and monitor the specific supply arrangements in real time.

Upon request of the Commission, they shall notify the Commission of any measures they intend to implement pursuant to the first paragraph.

⁽¹⁾ Commission Regulation (EC) No 1276/2008 of 17 December 2008 on the monitoring by physical checks of exports of agricultural products receiving refunds or other amounts (OJ L 339, 18.12.2008, p. 53).

CHAPTER II

MEASURES TO SUPPORT LOCAL AGRICULTURAL PRODUCTS

SECTION 1

Amount of aid and aid applications

Article 15

Amount of aid

1. The amount of aid granted under the measures to assist local agricultural production as provided for in Chapter IV of Regulation (EU) No 229/2013 shall be within the ceilings fixed in Article 18 of that Regulation.

2. The conditions for granting aid, the lines of agricultural production and the amounts concerned shall be specified in the programme approved in accordance with Article 6(1) of Regulation (EU) No 229/2013.

Article 16

Submission of applications

Aid applications for a calendar year shall be submitted to the office designated by the competent authorities of Greece in accordance with the specimens drawn up by the latter and within the periods they have laid down. Those periods shall be fixed so as to allow time for the necessary on-the-spot checks and shall not run beyond 28 February of the following calendar year.

Article 17

Correction of manifest errors

An aid application may be rectified at any time after its submission where a manifest error is recognised by the competent authority.

Article 18

Late submission of applications

Except in cases of *force majeure* and exceptional circumstances, submission of an aid application after the time limit laid down in accordance with Article 16 shall lead to a 1 % reduction per working day in the amounts to which the aid applicant would have been entitled if the aid application had been lodged within the time limit. If the delay amounts to more than 25 calendar days, the application shall be considered inadmissible.

Article 19

Withdrawal of aid applications

1. An aid application may be totally or partially withdrawn at any time.

However, where the competent authority has already informed the aid applicant of irregularities in the aid application or has given notice to the aid applicant of its intention to carry out an on-the-spot check and this check reveals irregularities, withdrawal shall not be authorised in respect of the parts of the aid application affected by those irregularities.

2. Withdrawal under paragraph 1 shall return the claimant to the situation prior to submitting the aid application or part of the aid application in question.

3. No later than 31 March of each year an analysis of aid applications withdrawn for the previous calendar year shall be carried out to identify the main causes and potential trends at local level.

SECTION 2

Checks

Article 20

General principles

Verification shall be by administrative and on-the-spot checks.

Administrative checks shall be exhaustive and shall include cross-checks with, *inter alia*, data from the integrated administration and control system provided for in Chapter II of Title V, Chapter II of Title VI and Articles 47, 61 and 102, paragraph 3 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council ⁽¹⁾.

On the basis of a risk analysis in accordance with Article 22(1) of this Regulation, the competent authorities shall perform on-the-spot checks by sampling at least 5 % of aid applications. The sample must also represent at least 5 % of the amounts covered by the aid.

In all appropriate cases, Greece shall make use of the integrated administration and control system.

Article 21

On-the-spot checks

1. On-the-spot checks shall be unannounced. However, provided that the purpose of the check is not compromised, advance notice limited to the strict minimum necessary may be given. Such notice shall not exceed 48 hours, except in duly justified cases.

2. Where applicable, the on-the-spot checks provided for in this Section shall be carried out in conjunction with any other checks provided for by Union legislation.

3. The aid application or applications concerned shall be rejected if aid applicants or their representatives prevent an on-the-spot check from being carried out.

Article 22

Selection of aid applicants to be subjected to on-the-spot checks

1. Aid applicants shall be selected to undergo on-the-spot checks by the competent authority on the basis of a risk

analysis and the representativeness of the aid applications submitted. The risk analysis shall, as appropriate, take account of:

- (a) the amount of aid;
- (b) the number of agricultural parcels and the surface area and, if applicable, the number of animals covered by the aid application, or the quantity produced, transported, processed or marketed;
- (c) changes in comparison with the previous year;
- (d) the findings of checks performed in the preceding years;
- (e) other parameters to be defined by Greece.

To provide the element of representativeness, Greece shall randomly select between 20 % and 25 % of the minimum number of aid applicants to be subjected to on-the-spot checks.

2. The competent authority shall keep records of the reasons why specific aid applicants were selected for on-the-spot checks. The inspector performing the on-the-spot check shall be informed of those reasons before beginning the check.

Article 23

Inspection report

1. Every on-the-spot check shall be the subject of an inspection report relating the details of the checks carried out. Reports shall indicate in particular:

- (a) the aid schemes and applications checked;
- (b) the persons present;
- (c) the agricultural parcels checked, the agricultural parcels measured, the results of the measurements per parcel measured and the measuring methods used;
- (d) the number and type of animals found and, where applicable, the ear tag numbers, entries in the register and in the computerised database for bovine animals and any supporting documents checked, the results of the checks and, where applicable, particular observations in respect of individual animals or their identification code;
- (e) the quantities produced, transported, processed or marketed which are covered by the check;
- (f) whether advance notice was given to the aid applicant of the visit and, if so, how much;
- (g) any further control measures carried out.

2. Aid applicants or their representatives shall be given the opportunity to sign the report to attest their presence at the check and to add observations. Where irregularities are found the aid applicant shall receive a copy of the inspection report.

⁽¹⁾ Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549).

Where the on-the-spot check is carried out by remote-sensing, Greece may decide not to give the aid applicants or their representatives the opportunity to sign the inspection report if no irregularities are revealed during the check by remote-sensing.

SECTION 3

Reductions and exclusions, and undue payments

Article 24

Reductions and exclusions

In the event of a discrepancy between the information declared in the context of aid applications and the findings of the inspections referred to in Section 2, Greece shall apply reductions and exclusions to the aid. Those reductions and exclusions shall be effective and proportionate and shall act as a deterrent.

Article 25

Exceptions to the application of reductions and exclusions

1. The reductions and exclusions provided for in Article 24 shall not apply where the aid applicant submitted factually correct information or can otherwise show that he or she is not at fault.

2. The reductions and exclusions shall not apply with regard to those parts of the aid application which the aid applicant informs the competent authority in writing are incorrect or have become incorrect since it was lodged, provided that the competent authority has not already informed the aid applicant of its intention to carry out an on-the-spot check or of any irregularity in the application.

On the basis of the information given by the aid applicant as referred to in the first subparagraph, the aid application shall be rectified to reflect the actual situation.

Article 26

Recovery of undue payments and penalties

1. In the event of undue payment, Article 80 of Commission Regulation (EC) No 1122/2009 ⁽¹⁾ shall apply *mutatis mutandis*.

2. Where the undue payment has been made as a result of a false declaration, false documents or serious negligence on the part of the aid applicant, a penalty shall be imposed equal to the amount unduly paid, with interest calculated in accordance with Article 80(2) of Regulation (EC) No 1122/2009.

⁽¹⁾ Commission Regulation (EC) No 1122/2009 of 30 November 2009 laying down detailed rules for the implementation of Council Regulation (EC) No 73/2009 as regards cross-compliance, modulation and the integrated administration and control system, under the direct support schemes for farmers provided for that Regulation, as well as for the implementation of Council Regulation (EC) No 1234/2007 as regards cross-compliance under the support scheme provided for the wine sector (OJ L 316, 2.12.2009, p. 65).

Article 27

Force majeure and exceptional circumstances

In cases of *force majeure* or exceptional circumstances within the meaning of Article 2(2) of Regulation (EU) No 1306/2013, Article 75 of Regulation (EC) No 1122/2009 shall be applicable *mutatis mutandis*.

CHAPTER III

GENERAL AND FINAL PROVISIONS

Article 28

Aid payments

After verifying the aid applications and relevant supporting documents, and calculating the amounts to be granted under the support programme referred to in Chapter II of Regulation (EU) No 229/2013, the competent authorities shall pay the aid for a calendar year as follows:

- (a) in the case of the specific supply arrangements and of the measures referred to in Article 3 of Delegated Regulation (EU) No 178/2014, throughout the year;
- (b) in the case of direct payments, in accordance with Article 75 of Regulation (EU) No 1306/2013;
- (c) in the case of other payments, during the period beginning on 16 October of the current year and ending on 30 June of the following year.

Article 29

Performance indicators

Every year, Greece shall notify the Commission of at least the data relating to the performance indicators laid down in Annex II.

This data shall be notified in the context of the annual implementation report referred to in Article 20(2) of Regulation (EU) No 229/2013.

Article 30

Notifications

1. As regards the specific supply arrangements, the competent authorities shall notify the Commission, no later than the last day of the month following the end of each quarter, of the following data, available on that date, relating to the operations carried out in the previous months with respect to the supply balance of the reference calendar year, broken down by product and CN code and, where applicable, by individual destination:

- (a) the quantities broken down according to whether they are dispatched from mainland Greece or other islands;
- (b) the amount of aid and the expenditure actually paid by product;

- (c) the quantities for which aid certificates have not been utilised;
- (d) any quantities exported to third countries or dispatched to the rest of the Union after processing in accordance with Article 11;
- (e) transfers within an overall quantity for a category of products and amendments to the forecast supply balances during the period;
- (f) the available balance and the utilisation rate.

The data provided for in the first subparagraph shall be supplied on the basis of the certificates utilised. The final data in a subsequent notification referring to the supply balance of each calendar year shall be notified to the Commission by the following 31 May at the latest.

2. As regards support for local production, Greece shall notify the Commission:

- (a) not later than 30 April each year, of the aid applications received and the amounts involved for the previous calendar year;
- (b) not later than 31 July each year, of the aid applications definitively eligible and the amounts involved for the previous calendar year.

3. The notifications referred to in this Article shall be made in accordance with Regulation (EC) No 792/2009.

4. The notification referred to in Article 20(1) of Regulation (EU) No 229/2013 shall also be made in accordance with Regulation (EC) No 792/2009.

Article 31

Report

1. The report provided for in Article 20(2) of Regulation (EU) No 229/2013 shall contain *inter alia*:

- (a) any significant changes in the socio-economic and agricultural environment;
- (b) a summary of the available physical and financial data on the implementation of each measure, followed by an analysis of the data and, where necessary, a presentation and analysis of the sector to which the measure relates;
- (c) the progress of the measures and priorities in relation to the specific and general objectives on the date of presentation of the report, using quantified indicators;
- (d) a brief account of any major problems encountered in managing and implementing the measures including the conclusions of the analysis referred to in Article 19(3) of this Regulation;
- (e) an examination of the results of all the measures, taking account of their reciprocal links;

(f) for the specific supply arrangements:

(i) data and an analysis relating to price trends and the manner in which the advantage granted was passed on, as well as the measures taken and the checks performed to ensure that it was passed on in compliance with Article 4 of this Regulation;

(ii) taking account of the other aid available, an analysis of the proportionality of the aid in relation to the additional cost of transport to the smaller islands and the prices applied and, in the case of products intended for processing and agricultural inputs, the additional costs of insularity and distant location;

(g) an indication, based on objective indicators, of the extent to which the objectives assigned to each of the measures contained in the programme have been achieved;

(h) data on the annual supply balance of the smaller islands in terms of, *inter alia*, consumption, headage developments, production and trade;

(i) data on the amounts actually granted for the implementation of programme measures on the basis of the criteria defined by Greece, such as the number of eligible producers, the number of animals covered by the payment, the eligible surface area or the number of holdings concerned;

(j) information on the financial implementation of each measure under the programme;

(k) statistics on the checks carried out by the competent authorities and any penalties applied;

(l) the comments of Greece on the implementation of the programme;

(m) the annual data on the performance indicators referred to in Article 29 of this Regulation.

2. The report referred to in paragraph 1 shall be submitted to the Commission in accordance with Regulation (EC) No 792/2009.

Article 32

Amendments to the programme

1. The amendments to be made to the support programme referred to in Chapter II of Regulation (EU) No 229/2013 shall be submitted to the Commission for approval and shall be duly substantiated, in particular by giving the following information:

- (a) the reasons for any implementation problems justifying the amendment of the programme;
- (b) the expected effects of the amendment;
- (c) the implications for financing and verification of commitments.

Except in cases of *force majeure* or exceptional circumstances, Greece shall submit proposals for amendments to the programme only once per calendar year. Such proposals for amendments shall be received by the Commission no later than 30 September each year.

If the Commission raises no objections to the proposed amendments, the amendments envisaged shall apply from 1 January of the year following that in which they were notified.

Such amendments may apply earlier if the Commission confirms in writing to Greece before the date referred to in the third subparagraph that the notified amendments comply with Union legislation.

If the notified amendment does not comply with Union legislation, the Commission shall inform Greece before the date referred to in the third subparagraph that the notified amendment shall not apply until the Commission receives an amendment that can be declared as compliant.

2. By way of derogation from paragraph 1, the Commission shall evaluate separately the following amendments proposed by Greece and decide on their approval within four months of their submission at the latest in accordance with the procedure referred to in Article 22(2) of Regulation (EU) No 229/2013:

- (a) the introduction into the support programme of new groups of products to be supported under the specific supply arrangements or of new measures to assist the local agricultural production; and
- (b) the increase of the unit level of support already approved for each existing measure by more than 50 % of the amount applicable at the time when the proposal for amendment is presented.

Without prejudice to the procedure set out in paragraph 1, Greece may submit the proposals for amendments provided for in this paragraph once per calendar year. The proposals for amendments referred to in this paragraph shall be received by the Commission no later than 31 July of the year prior to their application.

The amendment thus approved shall apply from 1 January of the year following that in which the proposal for an amendment was made or as from the date explicitly indicated in the approval decision.

3. Greece may make the following amendments without recourse to the procedure set out in paragraph 1, provided that the amendments are notified to the Commission:

- (a) in the case of forecast supply balances, changes in the individual level of aid up to 20 % or changes in the quantities

of the products concerned covered by the supply balance and, consequently, the global amount of aid allocated to support each line of products;

- (b) as regards all measures, adjustments up to 20 % of the financial allocation for each individual measure, without prejudice of the financial ceilings provided for by Article 18 of Regulation (EU) No 229/2013 on condition that such adjustments are notified not later than 30 April of the year following the calendar year to which the amended financial allocation refers; and
- (c) changes following amendments to codes and descriptions laid down in Council Regulation (EEC) No 2658/87 ⁽¹⁾ used to identify the products benefiting from aid, as long as those amendments do not entail a change of the products themselves.

4. The amendments referred to in paragraph 3 shall not apply before the date on which they are received by the Commission. They shall be duly explained and justified and may be implemented only once per year except in the following cases:

- (a) *force majeure* or exceptional circumstances;
- (b) amendment of the quantities of products covered by the supply arrangements,
- (c) changes following amendments to codes and descriptions laid down in Regulation (EEC) No 2658/87.

5. For the purposes of this Article the following definitions shall apply:

- (a) 'measure' means the grouping of aid schemes and actions necessary to achieve one or more objectives for the programme constituting a line for which a financial allocation is defined in in the financing table referred to in Article 5(a) of Regulation (EU) No 229/2013;
- (b) 'group of products' means all products sharing the first two digits of the CN code as provided for in Regulation (EEC) No 2658/87.

6. The notifications referred to in this Article shall be made in accordance with Regulation (EC) No 792/2009.

Article 33

Reduction of advances

Without prejudice to the general rules on budgetary discipline, where the information transmitted by Greece to the Commission under Articles 30 and 31 is incomplete or the time limit for transmitting that information has not been complied with, the Commission may reduce advances on entry in the accounts of agricultural expenditure on a temporary and flat-rate basis.

⁽¹⁾ Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

*Article 34***Entry into force**

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 20 February 2014.

For the Commission
The President
José Manuel BARROSO

ANNEX I

Maximum quantities of processed products which can be exported or dispatched annually from the smaller Aegean islands in the context of traditional trade flows

[Quantity in kilograms (or litres)]*

| CN code | To the Union | To third countries |
|---------|--------------|--------------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

ANNEX II

Performance Indicators

Objective: *To guarantee the supply to the smaller Aegean islands of products essential for human consumption or for processing and as agricultural inputs:*

Indicator 1: Level of coverage (in %) of the Specific Supply Arrangements over the total supply needs of the smaller Aegean islands for certain products/groups of products included in the forecast supply balance.

Objective: *To ensure a fair price level for products essential for human consumption or for animal feed:*

Indicator 2: Comparison of prices for the consumer in the smaller Aegean islands of certain products/groups of products covered under the Specific Supply Arrangements with prices of similar products in mainland Greece.

Objective: *To encourage local agriculture production in view of the self-supply of the smaller Aegean islands and of maintaining/developing export-oriented production:*

Indicator 3: Level of coverage (in %) of the local needs by certain significant products produced locally.

Objective: *To maintain/develop local agricultural production:*

Indicator 4a: Evolution of the Utilised Agricultural Area (UAA) in the smaller Aegean islands and on mainland Greece.

Indicator 4b: Evolution of the livestock in Livestock Units (LU) in the smaller Aegean islands and on mainland Greece.

Indicator 4c: Evolution of quantities of certain local agricultural products in the smaller Aegean islands.

Indicator 4d: Evolution of the quantities of certain products processed in the smaller Aegean islands from local products.

Indicator 4e: Evolution of employment in the agricultural sector on the smaller Aegean islands and in mainland Greece.