



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 21 December 2010

18145/10

**Interinstitutional File:
2010/0370 (COD)**

**AGRISTR 26
AGRIORG 71
AGRIFIN 46
REGIO 107
CODEC 1566**

PROPOSAL

from: Commission
dated: 17 December 2010
Subject: Proposal for a Regulation (EU) No of the European Parliament and the Council of ... laying down specific measures in favour of agriculture in the smaller Aegean islands

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Pierre de BOISSIEU, Secretary-General of the Council of the European Union.

Encl.: COM(2010) 767 final



EUROPEAN COMMISSION

Brussels, 17.12.2010
COM(2010) 767 final

2010/0370 (COD)

Proposal for a

**REGULATION (EU) No OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

of ...

laying down specific measures in favour of agriculture in the smaller Aegean islands

EXPLANATORY MEMORANDUM

1. ALIGNMENT WITH THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION (TFEU)

The Treaty on the Functioning of the European Union (TFEU) makes a clear distinction between, on the one hand, the powers delegated to the Commission to adopt non-legislative acts (delegated acts) of general application in order to supplement or amend certain non-essential elements of a legislative act, as set out in Article 290, and, on the other, those conferred upon the Commission to adopt implementing acts as referred to in Article 291.

In the case of delegated acts, the Legislator delegates to the Commission the power to adopt quasi-legislative measures. In the case of implementing acts, the context is very different. The Member States are the primary parties responsible for implementing legally binding acts of the European Union. However, if the implementation of that legislative act necessitates uniform conditions of implementation, the Commission is responsible for adopting these.

The harmonisation of Regulation (EC) No 1405/2006 with the new rules contained in the Treaty is based on classifying into delegated powers and implementing powers of the provisions adopted by the Commission pursuant to that Regulation (Regulation (EC) No 1914/2006 laying down certain detailed rules for applying Council Regulation (EC) No 1405/2006).

Following this exercise, a draft proposal recasting Regulation (EC) No 1405/2006 has been drafted. Under this draft, the Legislator reserves the right to issue decisions concerning the essential elements of a specific scheme for certain agricultural products in the smaller Aegean islands, in order to remedy the difficulties caused by their isolation, remoteness, insularity, small size, mountainous terrain and climate and their economic dependency on a small number of products.

The general guidelines for this scheme and the general principles which underpin it are determined by the Legislator. As such, the objectives of the measures introduced by this specific scheme and the principles regarding programming, compatibility and consistency with other EU policies are defined by the Legislator. The Legislator also establishes the principles for a certification scheme and the application of penalties, reductions and exclusions.

In accordance with Article 290 of the Treaty on the Functioning of the European Union, the Legislator entrusts the Commission with the task of supplementing or amending certain non-essential elements. A Commission delegated act may therefore set out additional elements which are necessary for the smooth running of the scheme defined by the Legislator. The Commission therefore adopts, by means of a delegated act, the conditions for operators being registered in the register of certificates and can, if necessary (given the economic situation), require the lodging of a security for the issuing of certificates (Article 11(2)). The Legislator can also delegate to the Commission the power to adopt measures relating to the establishment of the procedure for approving amendments to the programme (Article 6(3)), conditions for processing (Article 13(3)), the conditions on establishing aid amounts (Articles 15(4) and 18(4)), and penalties (Article 14(2)).

The Member States, in accordance with Article 291 of the Treaty on the Functioning of the European Union, are responsible for implementing the scheme defined by the Legislator. However, it would appear that it is necessary to ensure that Greece applies the programme in a uniform manner to smaller Aegean islands in relation to other similar arrangements in order to avoid unfair competition or discrimination between operators. The Legislator therefore grants the Commission the power to implement, in accordance with Article 291(2) of the Treaty, specifically with regard to the uniform conditions relating to the introduction of the system of certificates and the commitment of operators concerning the specific supply arrangements (Article 11(3)), the uniform conditions for implementing the programme (Articles 6(2), 15(3), and 18(3)), and a general framework of checks which Greece must perform (Articles 7,12(2) and 14(1)).

2. SUBSTANTIVE AMENDMENTS

In view of the fact that since it was adopted on 18 September 2006, Council Regulation (EC) No 1405/2006 laying down specific measures for agriculture in favour of the smaller Aegean islands has been the subject of several amendments, it is proposed that it be recast in the interests of clarity.

Furthermore, changes in Community legislation and the practical implementation of this Regulation that have occurred since it was adopted also make it necessary to amend certain of its provisions and to restructure the legislative text so that it reflects more effectively the reality of this scheme.

This new regulation is more explicit in setting out the scheme's main objectives, the implementation of which the specific measures for agriculture in the smaller Aegean islands should contribute to (Article 2).

Its new structure highlights the central role played by the support programme, which has now been defined for the smaller Aegean islands at the most appropriate level and coordinated by Greece. This programme relates to the two fundamental elements of the specific supply arrangement and of the specific measures to assist local production (Article 3).

Other minor amendments have been made to the wording of the Regulation, in particular:

- (1) The procedure for submitting the programme and amendments for approval to the Commission has been specified to make it more consistent with current practice and in view of the need for greater flexibility and efficiency as regards the process of adapting the programme to meet the actual needs of agriculture and the supply of products essential for the smaller Aegean islands (Article 6).
- (2) In Article 10, it has been specified that the specific supply arrangements should be designed in accordance with local agricultural production, the development of which should not be limited by aid for supply which is too excessive for products which are also produced locally. This provision is considered to be necessary to make it compulsory for the two instruments of the scheme to be compatible with each other.
- (3) In the interests of sound budgetary management, Greece must indicate in its programme the list of aid constituting direct payments (Article 15(2)(d)).

- (4) It is also helpful to indicate how the aid amounts for measures to assist local agricultural products are defined, which was previously not indicated in the basic act (Article 15(2)(e)).
- (5) The ceiling for financing for the specific supply arrangements has increased by 20% (Article 18(3)), in the light of the information provided by the Court of Auditors concerning the insufficiency of these funds.
- (6) Finally, the date for presenting the annual report on the implementation of the measures under the support programme during the previous year was postponed for a month in order to provide the Greek authorities with the opportunity of taking account in the report of the final statement of expenditure for the measures to assist local agricultural production.

The Regulation does not affect the sources of financing or the intensity of Community support.

Proposal for a

**REGULATION (EU) No OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

of ...

laying down specific measures for agriculture in favour of the smaller Aegean islands

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first subparagraph of Article 42 and Article 43(2) thereof,

Having regard to the proposal from the European Commission¹,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

Having regard to the opinion of the Committee of the Regions³,

Acting in accordance with the ordinary legislative procedure⁴,

Whereas:

- (1) Specific measures in the agricultural sector to remedy the difficulties caused by the particular geographical situation facing some of the smaller Aegean islands have been established by Council Regulation (EC) No 1405/2006 of 18 September 2006 adopting specific measures in the field of agriculture for the smaller Aegean islands and amending Regulation (EC) No 1782/2003⁵. These measures have been implemented by means of a support programme, which constitutes an essential tool for supplying these islands with agricultural products and for supporting local agricultural production. In view of the new amendments which have become necessary and following the entry into force of the Lisbon Treaty, it is necessary to repeal Regulation (EC) No 1405/2006 and replace it with a new text.
- (2) The fundamental objectives which the scheme promoting the smaller Aegean islands will help to meet need to be specified.

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ C [...], [...], p. [...].

⁴ OJ C [...], [...], p. [...].

⁵ OJ L 265, 26.9.2006, p. 1., amending Regulation (EC) No 1782/2003 (OJ L 270, 21.10.2003, p. 1).

- (3) The content of the support programme for the smaller Aegean islands ('support programme'), which, in accordance with the principle of subsidiarity, must be established by Greece at the most appropriate geographical level and submitted by Greece to the Commission for approval, must also be specified.
- (4) In order to achieve the objectives of the scheme promoting the smaller Aegean islands more effectively, the support programme must include measures which ensure the supply of agricultural products and the preservation and development of local agricultural production. The level of programming needs to be harmonised and the policy of partnership between the Commission and the Member State needs to become systematic.
- (5) In keeping with the principle of subsidiarity and in order to ensure flexibility, two principles which form the basis of the programming approach adopted for the scheme promoting the smaller Aegean islands, the authorities appointed by Greece may propose amendments to the programme to bring it into line with the reality of the situation on these islands. Also in keeping with this approach, the procedure for amending the programme must be adapted to reflect the level of relevance of each type of amendment.
- (6) The particular geographical situation of some of the smaller Aegean islands imposes additional transport costs in supplying products which are essential for human consumption, for processing or as agricultural inputs. In addition, other objective factors arising as a result of isolation, insularity and remoteness impose further constraints on economic operators and producers in those Aegean islands that severely handicap their activities. In certain cases, operators and producers suffer from double insularity, namely the fact that supplies are brought via other islands. These handicaps can be alleviated by lowering the price of those essential products. It is therefore appropriate to introduce specific supply arrangements to guarantee supply to the smaller Aegean islands and compensate for the additional costs arising from their remoteness, insularity and small size.
- (7) The problems experienced by the smaller Aegean islands are accentuated by the small size of the islands. In order to guarantee the effectiveness of the measures envisaged, such measures should only apply to small islands.
- (8) In order to achieve the goal of lowering prices in the smaller Aegean islands and mitigating the additional costs of their remoteness and insularity while maintaining the competitiveness of EU products, aid should be granted for the supply of EU products to the smaller Aegean islands. Such aid should take account of the additional cost of transport to the smaller Aegean islands and, in the case of agricultural inputs and products intended for processing, the additional costs of insularity and small size.
- (9) In order to avoid speculation which would be harmful to end users in the smaller Aegean islands, it is important to specify that the specific supply arrangements may only apply to products of sound, fair and marketable quality.
- (10) Since the quantities covered by the specific supply arrangements are limited to the supply requirements of the smaller Aegean islands, those arrangements do not impair the proper functioning of the internal market. Nor should the economic advantages of the specific supply arrangements provoke diversions of trade in the products

concerned. The dispatch or export of those products from the smaller Aegean islands should therefore be prohibited. However, dispatch or exportation of those products should be authorised where the advantage resulting from the specific supply arrangements is reimbursed.

- (11) With regard to processed products, trade between the smaller Aegean islands should be authorised in order to allow commerce between these regions. Account should also be taken of trade flows within the context of regional commerce and traditional exports and dispatching with the rest of the EU or third countries and, consequently, exports of processed products corresponding to traditional trade for all those regions should be authorised.
- (12) In order to achieve the objectives of the arrangements, the economic advantages of the specific supply arrangements must be in terms of production costs and must reduce prices up to the end user stage. They should therefore be granted only on condition that they are actually passed on, and appropriate checks must be carried out.
- (13) Rules should be established concerning the operation of the scheme, particularly relating to the creation of a register of operators and a system of certificates, based on the certificates referred to in Articles 161 of Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products ('Single CMO' Regulation)⁶.
- (14) European Union policy to assist local production in the smaller Aegean islands as established by Regulation (EC) No 1405/2006 has involved a multitude of products and measures for their production, marketing or processing. Those measures have proved effective and ensured that agricultural activities have been maintained and developed. The EU should continue to support this production, which is a key factor in the environmental, social and economic equilibrium of the smaller Aegean islands. Experience has shown that, as in the case of rural development policy, closer partnership with the local authorities can help to address the particular issues affecting the islands concerned in a more targeted way. Support for local production should thus continue to be granted through the support programme, established for the first time by Regulation (EC) No 1405/2006.
- (15) The minimum elements which must be provided under the support programme in order to establish the measures supporting local agricultural production, specifically the description of location, the strategy proposed, the objectives and measures, should be established. The principles where these measures are consistent with other EU policies should also be stipulated, in order to avoid any incompatibility and overlapping of aid.
- (16) In order to ensure that it can be implemented, the support programme may also contain measures for financing studies, demonstration projects, training and technical assistance.
- (17) Farmers in the smaller Aegean islands should be encouraged to supply quality products and the marketing of such products should be assisted.

⁶ OJ L 299, 16.11.2007, p. 1.

- (18) A derogation may be granted from the Commission's consistent policy of not authorising State operating aid for the production, processing and marketing of agricultural products listed in Annex I to the Treaty in order to mitigate the specific constraints on farming in the smaller Aegean islands as a result of their remoteness, insularity and distant location, small area, mountainous terrain and climate and their economic dependency on a small number of products.
- (19) Implementation of this Regulation should not jeopardise the level of special support from which the smaller Aegean islands have benefited up to now. In order to be able to carry out the appropriate measures, Greece should continue to have at its disposal sums equivalent to the EU support already granted under Regulation (EC) No 1405/2006.
- (20) Since 2007, requirements in essential products have increased in the smaller Aegean islands as a result of the increasing livestock population and demographic pressure. The proportion of the budget which Greece may use for the specific supply arrangements for the smaller Aegean islands should therefore be increased.
- (21) In order to allow the evaluation of all the elements concerning the implementation of the support programme for the previous year and to submit to the Commission a complete annual evaluation report, the submission date of the aforementioned report should be postponed from 30 June to 31 July of the year following the reference year.
- (22) The Commission should therefore be able to adopt delegated acts in accordance with Article 290 of the Treaty, in order to supplement or modify certain non-essential elements of the present Regulation. The areas with regard to which this ability can be exercised and the conditions to which this delegation should be subject should be set out.
- (23) In order to ensure that the programme is implemented in the smaller Aegean islands in a uniform manner in relation to other similar schemes and to avoid unfair competition or discrimination between operators, the Commission should be able to adopt implementing acts in accordance with Article 291(2) of the Treaty. The Commission should therefore be granted implementing powers under that provision, specifically vis-à-vis the uniform conditions under which products affected by the special supply arrangements enter, leave and move within the smaller Aegean islands, the uniform conditions for implementing the programme and the minimum characteristics for checks which Greece must apply.
- (24) The Commission should adopt these implementing acts in accordance with the provisions of Regulation (EU) No xxx/xxx of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers⁷,

⁷ OJ L [...], [...], p.[...].

HAVE ADOPTED THIS REGULATION:

CHAPTER I

SCOPE

Article 1

Subject

1. This Regulation lays down specific measures for agriculture to mitigate the difficulties caused by the isolation, remoteness, insularity and small size of the smaller Aegean islands, referred to as ‘smaller islands’.
2. For the purposes of this Regulation ‘smaller islands’ means any islands in the Aegean Sea except the islands of Crete and Evia.

Article 2

Objectives

1. The specific measures provided for in Article 1 shall help to meet the following objectives:
 - a) guaranteed supply to the smaller islands of products essential for human consumption or for processing and as agricultural inputs by mitigating the additional costs due to remoteness, insularity and small size;
 - b) preservation and development of agricultural activities in the smaller islands, including the production, processing and marketing of local products.
2. The objectives set out in paragraph 1 shall be implemented by means of the measures referred to in Chapters III, IV and V.

CHAPTER II

SUPPORT PROGRAMME

Article 3

Establishing the support programme

1. The measures provided for in Article 1 are defined for the smaller islands by a support programme, which shall comprise:

- a) specific supply arrangements as provided for in Chapter III, and
 - b) specific measures to assist local agricultural production as provided for in Chapter IV.
2. The support programme shall be established at the geographical level which Greece deems most appropriate. It shall be prepared by the competent authorities designated by the said Member State, which shall submit it to the Commission for approval in accordance with Article 6 after the competent authorities and organisations at the appropriate regional level have been consulted.

Article 4

Compatibility and consistency

1. Measures taken under the support programme must comply with European Union law and be consistent with other EU policies and with the measures taken under such policies.
2. Consistency of the measures taken under the support programme with measures implemented under other instruments of the common agricultural policy, and in particular the common organisations of markets, rural development, product quality, animal welfare and protection of the environment, must be ensured.

In particular, no measure under this Regulation may be financed as:

- a) additional support for premium or aid schemes under a common organisation of the market save in exceptional cases justified by objective criteria;
- b) support for research projects, measures to support research projects or measures eligible for European Union financing under Council Decision 2009/470/EC⁸;
- c) support for measures within the scope of [Council] Regulation (EC) No 1698/2005⁹.

Article 5

Content of the support programme

The support programme shall comprise:

- a) a schedule for the implementation of the measures and a general annual indicative financing table showing the resources to be deployed;

⁸ OJ L 155, 18.6.2009, p. 30.

⁹ [OJ L 277, 21.10.2005, p. 1.]

- b) proof of the compatibility and consistency between the various measures under the programme and the criteria and quantitative indicators to be used for monitoring and evaluation;
- c) the steps taken to ensure the programme is implemented effectively and appropriately, including the arrangements for publicity, monitoring and evaluation, and a specified set of quantified indicators for use in programme evaluation;
- d) the designation of the competent authorities and bodies responsible for implementing the programme and the designation at the appropriate levels of authorities or associated bodies and socio-economic partners, and the results of consultations held.

Article 6

Approval and amendments of the programme

1. Greece shall submit a draft support programme to the Commission in the light of the financial allocation referred to in Articles 18(2) and (3).

The draft programme shall comprise a draft forecast supply balance indicating the products, the quantities thereof and the amount of aid for supply from the EU together with a draft programme of support for local production.

The Commission shall evaluate the support programme proposed and decide whether or not to approve it by means of an implementing act.

2. Depending on the annual evaluation of the implementation of measures included in the support programme, Greece may submit to the Commission proposals for amendments thereto within the context of the financial allocation referred to in Article 18(2) and (3), to bring them more into line with the requirements of the smaller islands and the strategy proposed. The Commission shall adopt by means of an implementing act the uniform measures for the submission of proposals for amendments to the programme.
3. In order to take into account the different types of amendments proposed and the time frame within which they must be implemented, the Commission shall determine by delegated act the procedure for approving amendments.

Article 7

Monitoring and follow-up

Greece shall conduct verifications by means of administrative and on-the-spot checks. In order to ensure uniform application, the Commission shall adopt by implementing act the minimum characteristics of the checks to be carried out by Greece.

By the same type of act, the Commission shall adopt the procedures and physical and financial indicators in order to ensure that the implementation of the programmes is monitored in an effective manner.

CHAPTER III

SPECIFIC SUPPLY ARRANGEMENTS

Article 8

Forecast supply balance

1. Specific supply arrangements are hereby established for the EU's agricultural products listed in Annex I to the Treaty ('the agricultural products'), which are essential in the smaller islands for human consumption, for the manufacture of other products or as agricultural inputs.
2. Greece shall establish, at the geographical level which it deems most appropriate, a forecast supply balance so as to quantify the annual supply requirements for the smaller islands with regard to agricultural products.

A separate forecast balance may be drawn up for the requirements of undertakings packaging and processing products intended for the local market, for consignment to the rest of the EU or for export to third countries as part of regional trade, in accordance with Article 13(2) and (3), or within the context of traditional trade flows.

Article 9

Operation of the arrangements

1. Aid shall be granted to supply the smaller islands with agricultural products.

The amount of the aid shall be determined for each product concerned taking into consideration the additional costs of marketing products in the smaller islands, calculated from the usual ports of shipment in mainland Greece, and from the ports of islands of transit or of loading for the islands of final destination. In the case of agricultural inputs and products intended for processing, such aid should take account of the additional costs of insularity and small size.
2. The specific supply arrangements may only apply to products of sound, fair and marketable quality.

Article 10

Implementation

In implementing the specific supply arrangements, account shall be taken, in particular, of the following:

- 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;
- c) the economic aspect of the proposed aid;
- d) where applicable, the need not to obstruct the potential development of local products.

Article 11

Certificates

1. The aid provided for in Article 9(1) shall be granted on presentation of a certificate.

Certificates shall be issued only to operators entered in a register held by the competent authorities.

Licences and certificates shall not be transferable.
2. In order to ensure that operators fully exercise their rights to participate in the specific supply arrangements, the Commission shall determine, by delegated act, the conditions for recording operators in the register and, if necessary, shall make it compulsory to establish a security for the issuing of certificates.
3. The Commission shall adopt by means of an implementing act all measures necessary to ensure the uniform application by Greece of this Article, specifically relating to the introduction of the system of certificates, not including the establishment of the security for certificates, and the commitment of operators at the time of registration.

Article 12

Impact of advantage

1. Benefiting from the specific supply arrangements resulting from the awarding of aid shall be subject to the condition that the impact of the economic advantage is passed on up to the end user who, as appropriate, may be the consumer in the case of products meant for direct consumption, the end processor or packager in the case of products meant for the processing or packaging industries, or farmers in the case of products used for animal feed or as agricultural inputs.
2. In order to ensure that paragraph 1 above is applied in a uniform manner, the Commission shall adopt by means of an implementing act detailed rules for its application and more specifically conditions for governing monitoring by the Member State that the advantage has in fact been passed on up to the end user.

Article 13

Export to third countries and dispatch to the rest of the European Union

1. Products covered by the specific supply arrangements may be exported to third countries or dispatched to the rest of the EU only under uniform conditions established by the Commission by means of an implementing act.

Those conditions shall include in particular reimbursement of the aid received under the specific supply arrangements.

Exports to third countries of products covered by the specific supply arrangements shall not be subject to the presentation of a certificate.

2. The first subparagraph of paragraph 1 above shall not apply to products processed in the smaller islands from products having benefited from the specific supply arrangements which are:

- a) exported to third countries or dispatched to the rest of the EU within the limits of traditional exports and traditional dispatches. These quantities shall be established by the Commission by means of an implementing act;
- b) exported to third countries as part of regional trade in accordance with the destinations and conditions to be determined by the Commission by means of an implementing act;
- c) dispatched between the smaller islands;

Exports to third countries of products referred to in the first subparagraph, points a) and b) shall not be subject to the presentation of a certificate.

No export refund shall be granted on the exports of products referred to in the first subparagraph, points a) and b).

3. In order to target the benefit resulting from the application of the specific supply arrangements to traditional trade, the Commission shall establish by means of a delegated act, the conditions that processing operations which may give rise to traditional dispatch or traditional exports must comply with.

Article 14

Controls and penalties

1. The agricultural products which are the subject of the specific supply arrangements shall be subject to administrative checks at the time that they enter the smaller islands as well as when they are exported or dispatched.

In order to ensure uniform application of this provision, the Commission shall adopt by means of an implementing act the minimum characteristics of the checks to be carried out by Greece.

2. Unless in the event of force majeure or exceptional climatic accident, non-compliance by the operator with the commitments made in accordance with Article 11, the advantage granted to the holder of the certificate shall be recovered and its registration suspended or deleted depending on the severity of the non-compliance.

In order to ensure that the operators participating in the scheme comply with their obligations, the Commission shall establish by means of delegated act the conditions necessary for the implementation of the first subparagraph above and the processing of new applications for certificates by the operator.

CHAPTER IV

MEASURES TO ASSIST LOCAL AGRICULTURAL PRODUCTS

Article 15

Measures

1. The support programme shall contain the measures needed to ensure continuity and development of local lines of agricultural production in the smaller islands under the scope of Part 3, Title III, of the Treaty.
2. The part of the programme which includes measures to assist local agricultural production shall comprise at least the following elements:
 - a) a quantified description of the current agricultural production situation taking into account the results of available evaluations, showing disparities, gaps and potential for development and the financial resources deployed;
 - b) a description of the strategy proposed, the priorities selected, its quantified general and operational objectives, and an appraisal showing the expected economic, environmental and social impact, including employment effects;
 - c) a description of the measures envisaged, and in particular aid schemes for implementing them, and, where appropriate, information on the need for any studies, demonstration projects, training or technical assistance operations relating to the preparation, implementation or adaptation of the measures concerned;
 - d) a list of the aid constituting direct payments in accordance with Article 2(d) of Regulation (EC) No 73/2009;
 - e) the aid amount established for each measure or action in order to achieve one or more objectives for the programme.
3. The Commission shall adopt by means of an implementing act the uniform conditions for the provision of the aid described in paragraph 2.

4. The programme may include measures to support production, processing or marketing of agricultural products in the smaller islands.

Each measure may include a variety of actions. For each action, the programme shall define at least the following elements:

- a) beneficiaries;
- b) eligibility conditions;
- c) individual aid;
- d) ceiling.

In order to support the marketing of products outside the region in which they are produced, the Commission may adopt by means of a delegated act the conditions for establishing the amount of aid awarded in respect of such marketing and, where appropriate, the maximum quantities which form the subject of this aid.

Article 16

Controls and wrongful payments

1. Verification of measures provided for in this chapter shall be conducted by administrative and on-the-spot checks.
2. In the event of wrongful payments, the beneficiary concerned shall be required to reimburse the amounts in question. Article 80 of Commission Regulation (EC) No 1122/2009¹⁰ shall apply mutatis mutandis.

CHAPTER V

ACCOMPANYING MEASURES

Article 17

State aid

1. For the agricultural products covered by Annex I to the Treaty, to which Articles 107, 108 and 109 thereof apply, the Commission may authorise, in accordance with Article 108 of the Treaty, operating aid in the sectors producing, processing and marketing those products, with a view to mitigating the specific constraints on farming in the smaller islands as a result of their isolation, remoteness, insularity, small size, mountainous terrain and climate and their economic dependency on a small number of products.

¹⁰ OJ L 316, 2.12.2009, p. 65.

2. Greece may grant additional financing for the implementation of the support programme. In such cases Greece shall notify the Commission of the State aid and the Commission may approve it in accordance with this Regulation as part of the support programme. Aid thus notified shall be regarded as being notified within the meaning of the first sentence of Article 108(3) of the Treaty.
3. Without prejudice to paragraphs 1 and 2 of this Article and by way of derogation from Article 180 of Regulation (EC) No 1234/2007 and Article 3 of Council Regulation (EC) No 1184/2006¹¹, Articles 107, 108 and 109 of the Treaty shall not apply to payments made under Chapters III and IV of this Regulation by Greece in conformity with this Regulation.

CHAPTER VI

FINANCIAL PROVISIONS

Article 18

Financial resources

1. The measures provided for in this Regulation shall constitute intervention intended to stabilise the agricultural markets within the meaning of Article 3(1)(b) of Council Regulation (EC) No 1290/2005¹².
2. The EU shall finance the measures provided for in Chapters III and IV up to a maximum annual amount of EUR 23.93 million.
3. The amount allocated annually to finance the specific supply arrangements referred to in Chapter III may not exceed EUR 6.56 million.

The Commission shall establish by implementing act the uniform conditions under which Greece may amend the allocation of resources allocated each year to the various products benefiting from the specific supply arrangements.

4. In order to ensure a reasonable and proportional allocation of the finance measures with regard to studies, demonstration projects, training and technical assistance measures, the Commission shall establish by delegated act an annual maximum amount which may be allocated to these measures.

¹¹ OJ L 214, 4.8.2006, p. 7.

¹² OJ L 209, 11.8.2005, p. 1.

CHAPTER VII

GENERAL AND FINAL PROVISIONS

Article 19

National measures

Greece shall take the measures necessary to ensure compliance with this Regulation, in particular as regards checks and administrative penalties, and shall inform the Commission thereof.

Article 20

Communications and reports

1. Greece shall communicate to the Commission not later than 15 February each year the appropriations made available to it which it intends to spend in the following year on implementation of the forecast supply balance and for each measure promoting local agricultural production included in the support programme.
2. Greece shall submit to the Commission no later than 31 July each year a report on the implementation of the measures provided for in this Regulation over the previous year.
3. Not later than 31 December 2016, and thereafter every five years, the Commission shall submit a general report to the European Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

Article 21

Commission powers

When powers are granted to the Commission, it shall act in accordance with the procedure referred to in Article 22, in the case of delegated acts, and in accordance with the procedure referred to in Article 25, in the case of implementing acts.

Article 22

Delegated acts

1. The power to adopt the delegated acts referred to in this Regulation shall be conferred on the Commission for an indeterminate period of time.
2. As soon as it adopts a delegated act, the Commission shall provide simultaneous notification thereof to the European Parliament and to the Council.

3. The power to adopt delegated acts shall be conferred on the Commission subject to the conditions laid down in Articles 23 and 24.

Article 23

Revocation of delegation

1. The delegation of power referred to in Article 22, paragraph 1 may be revoked at any time by the European Parliament or by the Council.
2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall inform the other legislator and the Commission at the latest one month before the final decision is taken, stating the delegated powers which could be subject to revocation and the reasons for a revocation.
3. The decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the Official Journal of the European Union.

Article 24

Objections to delegated acts

1. The European Parliament or the Council may object to the delegated act within a period of two months from the date of notification. At the initiative of the European Parliament or the Council this period shall be extended by one month.
2. If, on expiry of that period, neither the European Parliament nor the Council has objected to the delegated act, or if, before that date, the European Parliament and the Council have both informed the Commission that they have decided not to raise objections, the delegated act shall enter into force at the date stated in its provisions.
3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.

Article 25

Implementing acts - committee

1. The Commission shall be assisted by the Management Committee for Direct Payments established under Article 141 of Regulation (EC) No 73/2009.
2. When implementing acts are adopted pursuant to this Regulation, Article [5] of Regulation (EU) No. [xxxx/yyyy] (to be completed following the adoption of the regulation on control mechanisms, as referred to in Article 291(3) of the TFEU, currently the subject of discussion by the European Parliament and the Council) shall apply (examination procedure).

Article 26

Repeal

Regulation (EC) No 1405/2006 is hereby repealed.

References made to the repealed Regulation shall be construed as being made to this Regulation and shall be read in accordance with the correlation table set out in the Annex.

Article 27

Entry into force

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

[It shall apply from 1 January 2012.]

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

Done at [], [date]

For the European Parliament
The President

For the Council
The President

ANNEX

CORRELATION TABLE

Regulation (EC) No 1405/2006	This Regulation
Article 1	Article 1
Article 2	Article 3(1)
Article 3	Article 8
Article 4(1)	Article 9(1)
Article 4(2)	Article 10
Article 4(3)	Article 12(1)
Article 5	Article 13
Article 7(1)	Article 15(1)
Article 7(2)	Article 3(2)
Article 8	Article 4
Article 9 (a), (b)	Article 15(2)
Article 9(c), (d), (e) and (f)	Article 5
Article 10	Article 7, second paragraph
Article 11	Article 17
Article 12	Article 18
Article 13	Article 6(1)
Article 14(a)	Article 6(2) and (3)
Article 14(b)	Article 7, first paragraph, and Article 14(1), second subparagraph
Article 16	Article 19
Article 17	Article 20
Article 18	Article 26
Article 21	Article 27

FINANCIAL STATEMENT		FicheFin/10/642710			
		RVDE			
		6.13.2010.1			
		DATE :			
1. BUDGET HEADING: 05 02 11 04 & 05 03 02 51		APPROPRIATIONS: EUR 231 million & EUR 18 million			
2. TITLE OF MEASURE: Proposal for a Regulation (EU) No of the European Parliament and of the Council laying down specific measures for agriculture in favour of the smaller Aegean islands					
3. LEGAL BASIS: Art. 42 and 43 of the Treaty					
4. AIMS: Alignment with the Treaty on the Functioning of the European Union					
5. FINANCIAL IMPLICATIONS		PERIOD OF 12 MONTHS (EUR million)	CURRENT FINANCIAL YEAR [2010] (EUR million)	FOLLOWING FINANCIAL YEAR [2011] (EUR million)	
5.0 EXPENDITURE CHARGED TO - THE EU BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER		[1]	-	-	
5.1 REVENUE - OWN RESOURCES OF THE EU (LEVIES/CUSTOMS DUTIES) - NATIONAL		-	-	-	
		2012	2013	2014	2015
5.0.1 ESTIMATED EXPENDITURE		(1)	(1)	(1)	(1)
5.1.1 ESTIMATED REVENUE		(1)	(1)	(1)	(1)
5.2 METHOD OF CALCULATION:					
6.0		CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES NO
6.1		CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			YES NO
6.2		WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES NO
6.3		WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES NO
OBSERVATIONS: These programs have a high level of execution. Although the proposed amendments to Council Regulation (EC) No 1405/2006 do not modify the maximum annual amount, the maximum amount of the special supply arrangements changes to EUR 6.56 million, which will lead to a different resource allocation. This, in turn, could have an impact on the rate of expenditure. However, this possible impact is not measurable at this stage.					