

COMMISSION IMPLEMENTING REGULATION (EU) 2018/920**of 28 June 2018****amending Implementing Regulation (EU) No 180/2014 as regards certain provisions on checks, notifications and annual reporting and on amendments to the POSEI programmes**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 228/2013 of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 ⁽¹⁾, and in particular Article 6(2), the second paragraph of Article 8 and Articles 12(3) and 14(1) thereof,

Whereas:

- (1) Experience gained with the application of Commission Implementing Regulation (EU) No 180/2014 ⁽²⁾ has shown that certain provisions relating to checks, notifications and annual reporting need to be clarified and simplified.
- (2) Articles 2, 3 and 5 of Implementing Regulation (EU) No 180/2014 lay down the provisions for the import licences, exemption certificates, aid certificates and payment relating to products imported from third countries or supplied from the Union. Article 4(1) of Commission Implementing Regulation (EU) 2016/1239 ⁽³⁾ makes the use of the Economic Operators Registration and Identification number ('EORI number') mandatory for import licences. It is appropriate to provide the same requirement for the import licences, exemption certificates and aid certificates covered by Articles 2, 3 and 5 of Implementing Regulation (EU) No 180/2014 respectively.
- (3) Article 8 of Implementing Regulation (EU) No 180/2014 contains the rules on the documents to be presented by operators and the validity of licences and certificates. It is appropriate to ease the electronic transmission of the accompanying documents of the licences and certificates.
- (4) Article 16 of Implementing Regulation (EU) No 180/2014 lays down the rules for the administrative and physical checks on the import, entry, export and dispatch of agricultural products. It is appropriate to separate the type of physical checks for import and entry from the type of physical checks for export and dispatch. The wording of that Article should make explicit the obligation of applying a representative sample when performing checks on export and dispatch operations provided for in Section 5 of that Regulation.
- (5) Article 22 of Implementing Regulation (EU) No 180/2014 provides the general principles for the checks in respect of aid applications for the measures to support local agricultural products. Taking into account the heterogeneity and different level of complexity of actions within the measures and to further ensure that all areas of expenditure are covered and represented in the sampling, it is necessary to specify that the competent authorities are to perform on-the-spot checks at the level of each action by sampling at least 5 % of the aid applications. The sample should also represent at least 5 % of the amounts covered by the aid for each action.
- (6) Article 24 of Implementing Regulation (EU) No 180/2014 provides the rules for the selection of aid applicants to be subject to on-the-spot checks. As in the outermost regions there might be a small number of applicants, Member States should have the possibility to select only one applicant.
- (7) Article 38(1) of Implementing Regulation (EU) No 180/2014 requires certain data relating to the specific supply arrangements balance to be notified at the end of each quarter of the year. That periodicity is burdensome and a notification only once per year is deemed sufficient.

⁽¹⁾ OJ L 78, 20.3.2013, p. 23.

⁽²⁾ Commission Implementing Regulation (EU) No 180/2014 of 20 February 2014 laying down rules for the application of Regulation (EU) No 228/2013 of the European Parliament and of the Council laying down specific measures for agriculture in the outermost regions of the Union (OJ L 63, 4.3.2014, p. 13).

⁽³⁾ Commission Implementing Regulation (EU) 2016/1239 of 18 May 2016 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the system of import and export licences (OJ L 206, 30.7.2016, p. 44).

- (8) Article 39 of Implementing Regulation (EU) No 180/2014 sets out the elements to be included in the annual reports on the implementation of the measures. In its report of 15 December 2016 ⁽¹⁾ the Commission concluded that the reporting on the implementation of the POSEI programmes should be improved, particularly to better assess compliance with the objectives, including for specific supply arrangements, and to better describe the situation of the agricultural sector and its development, including price monitoring and the competitive position of local production with regard to imports. As it is also opportune to clarify the reporting obligations and provide a new structure of the annual reports, the relevant details should be specified in a new Annex to Implementing Regulation (EU) No 180/2014.
- (9) Article 40 of Implementing Regulation (EU) No 180/2014 sets out the procedures for amending the POSEI programmes. Taking into account the experience gained with its application, those procedures need to be simplified in order to ensure a more flexible and smoother adaptation to the actual conditions relating to the supply arrangements and the local agricultural conditions. Therefore, it is appropriate to require that amendments covered by Article 40(1) and (2) of that Regulation be presented at the same time by 31 July.
- (10) In general, amendments to POSEI programmes do not need formal approval by the Commission. It is appropriate to revise the wording of Article 40(1) of Implementing Regulation (EU) No 180/2014 in order to express that principle in a more explicit way.
- (11) However, ‘major’ amendments to the programmes covered by Article 40(2) of Implementing Regulation (EU) No 180/2014 do need formal approval by the Commission. On the basis of the experience with that procedure, it is necessary to extend the deadline for approval to five months after the notification of the amendment. In addition, in order to simplify the procedure, the formal approval by the Commission should be limited to the first two cases currently covered by that provision.
- (12) Article 40(3) of Implementing Regulation (EU) No 180/2014 concerns ‘minor’ amendments. To ease the financial adjustment procedure within the Member States, the deadline for the notification of adjustments up to 20 % of the financial allocation should be extended to 31 May.
- (13) Finally, the definition of ‘measure’ in Article 40(5)(a) of Implementing Regulation (EU) No 180/2014 should be simplified.
- (14) Several Commission regulations have been repealed and replaced by delegated and implementing regulations. For reasons of clarity and legal certainty, it is appropriate to update the references to those regulations. In particular, as regards the system of import and export licences, references to Commission Regulation (EC) No 376/2008 ⁽²⁾ should be replaced by references to Commission Delegated Regulation (EU) 2016/1237 ⁽³⁾ and Implementing Regulation (EU) 2016/1239.
- (15) As regards the notifications to the Commission, references to Commission Regulation (EC) No 792/2009 ⁽⁴⁾ should be replaced by references to Commission Delegated Regulation (EU) 2017/1183 ⁽⁵⁾ and Commission Implementing Regulation (EU) 2017/1185 ⁽⁶⁾.

⁽¹⁾ Report from the Commission to the European Parliament and the Council on the implementation of the scheme of specific measures for agriculture in favour of the outermost regions of the Union (POSEI) (COM(2016)797 final).

⁽²⁾ 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).

⁽³⁾ Commission Delegated Regulation (EU) 2016/1237 of 18 May 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the rules for applying the system of import and export licences and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the rules on the release and forfeit of securities lodged for such licences, amending Commission Regulations (EC) No 2535/2001, (EC) No 1342/2003, (EC) No 2336/2003, (EC) No 951/2006, (EC) No 341/2007 and (EC) No 382/2008 and repealing Commission Regulations (EC) No 2390/98, (EC) No 1345/2005, (EC) No 376/2008 and (EC) No 507/2008 (OJ L 206, 30.7.2016, p. 1).

⁽⁴⁾ 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).

⁽⁵⁾ Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents (OJ L 171, 4.7.2017, p. 100).

⁽⁶⁾ Commission Implementing Regulation (EU) 2017/1185 of 20 April 2017 laying down rules for the application of Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards notifications to the Commission of information and documents and amending and repealing several Commission Regulations (OJ L 171, 4.7.2017, p. 113).

- (16) As regards the rules based on Regulation (EU) No 1306/2013 of the European Parliament and of the Council ⁽¹⁾ references to Commission Regulation (EC) No 1122/2009 ⁽²⁾ should be replaced by references to Commission Delegated Regulation (EU) No 640/2014 ⁽³⁾ and Commission Implementing Regulation (EU) No 809/2014 ⁽⁴⁾.
- (17) As regards provisions relating to the Union Customs Code, references to Commission Regulation (EEC) No 2454/93 ⁽⁵⁾ should be replaced by references to Regulation (EU) No 952/2013 of the European Parliament and of the Council ⁽⁶⁾ to Commission Delegated Regulation (EU) 2015/2446 ⁽⁷⁾ or to Commission Implementing Regulation (EU) 2015/2447 ⁽⁸⁾.
- (18) Implementing Regulation (EU) No 180/2014 should therefore be amended accordingly.
- (19) The measures provided for in this Regulation are in accordance with the opinion of the Committee for Direct Payments,

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) No 180/2014 is amended as follows:

(1) Article 2 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. Import licences shall be drawn up in accordance with the specimen set out in Annex I to Commission Implementing Regulation (EU) 2016/1239 (*).

Article 4 of Commission Delegated Regulation (EU) 2016/1237 (**) and Articles 2 and 3, Article 4(1), Article 5 and 7 and 13 to 16 of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*, without prejudice to this Regulation.

The negative tolerance provided for in Article 5(4) of Delegated Regulation (EU) 2016/1237 and Article 8(1) of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*.

(*) Commission Implementing Regulation (EU) 2016/1239 of 18 May 2016 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the system of import and export licences (OJ L 206, 30.7.2016, p. 44).

(**) Commission Delegated Regulation (EU) 2016/1237 of 18 May 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the rules for applying the system of import and export licences and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the rules on the release and forfeit of securities lodged for such licences, amending Commission Regulations (EC) No 2535/2001, (EC) No 1342/2003, (EC) No 2336/2003, (EC) No 951/2006, (EC) No 341/2007 and (EC) No 382/2008 and repealing Commission Regulations (EC) No 2390/98, (EC) No 1345/2005, (EC) No 376/2008 and (EC) No 507/2008 (OJ L 206, 30.7.2016, p. 1).;

(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).

(2) 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).

(3) Commission Delegated Regulation (EU) No 640/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance (OJ L 181, 20.6.2014, p. 48).

(4) Commission Implementing Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance (OJ L 227, 31.7.2014, p. 69).

(5) Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (OJ L 253, 11.10.1993, p. 1).

(6) Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

(7) Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015, p. 1).

(8) Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558).

(b) paragraph 6 is replaced by the following:

‘6. Import duties shall be levied on quantities which exceed those stated on the import licence. The positive tolerance of 5 % provided for in Article 5(4) of Delegated Regulation (EU) 2016/1237 and Article 8(1) of Implementing Regulation (EU) 2016/1239 shall apply, provided that the import duties relating thereto are paid.’;

(2) in Article 3, paragraph 2 is replaced by the following:

‘2. Exemption certificates shall be drawn up on the basis of the specimen import licence set out in Annex I to Implementing Regulation (EU) 2016/1239.

Article 4 of Delegated Regulation (EU) 2016/1237 and Articles 2 and 3, Article 4(1), Articles 5 and 7 and 13 to 16 of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*, without prejudice to this Regulation.

The negative tolerance provided for in Article 5(4) of Delegated Regulation (EU) 2016/1237 and Article 8(1) of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*.’;

(3) in Article 5, paragraph 2 is replaced by the following:

‘2. Aid certificates shall be drawn up on the basis of the specimen import licence set out in Annex I to Implementing Regulation (EU) 2016/1239.

Article 4 of Delegated Regulation (EU) 2016/1237 and Articles 2 and 3, Article 4(1), Articles 5 and 7 and 13 to 16 of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*, without prejudice to this Regulation.

The negative tolerance provided for in Article 5(4) of Delegated Regulation (EU) 2016/1237 and Article 8(1) of Implementing Regulation (EU) 2016/1239 shall apply *mutatis mutandis*.’;

(4) Article 8(1) is amended as follows:

(a) the first subparagraph is amended as follows:

(i) the introductory sentence is replaced by the following:

‘Subject to Articles 2(5), 3(6), 5(7) and Articles 11 and 12, the competent authorities shall accept the import licence, exemption certificate or aid certificate application presented by operators for each consignment. Those applications shall be accompanied by the original or a certified copy of the purchase invoice and the original, a certified copy or an authenticated electronic equivalent of the following documents:’;

(ii) point (b) is replaced by the following:

‘(b) regarding the aid certificate:

(i) the means of proof of the customs status of Union goods referred to in Article 199(1)(b) of Commission Implementing Regulation (EU) 2015/2447 (*); or

(ii) a declaration type CO pursuant to Chapters 2 and 3 of Title VIII of Commission Delegated Regulation (EU) 2015/2446 (**) in accordance with data elements No 1/1, 1/2 and 1/3 referred to in the data requirements table set out in Section 1 of Chapter 3 of Title I of Annex B to that Regulation.

(*) Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558).

(**) Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015, p. 1).’;

(b) the second subparagraph is replaced by the following:

‘Those accompanying documents may take the form of an electronic message. In case the verifying competent authority has no access to the IT system managing and producing such electronic document, it shall be replaced by a duly certified true copy or its authenticated electronic equivalent print-out.’;

(5) in Article 12, the third paragraph is replaced by the following:

'The notification referred to in this Article shall be made in accordance with Commission Delegated Regulation (EU) 2017/1183 (*) and Commission Implementing Regulation (EU) 2017/1185 (**).

(*) Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents (OJ L 171, 4.7.2017, p. 100).

(**) Commission Implementing Regulation (EU) 2017/1185 of 20 April 2017 laying down rules for the application of Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards notifications to the Commission of information and documents and amending and repealing several Commission Regulations (OJ L 171, 4.7.2017, p. 113).;

(6) in Article 16, paragraph 2 is replaced by the following:

'2. The physical checks carried out in the outermost region concerned on the import or entry of agricultural products shall involve a representative sample amounting to at least 5 % of the licences and certificates presented in accordance with Article 9.

The physical checks carried out in the outermost region concerned on the export or dispatch provided for in Section 5 shall involve a representative sample of at least 5 % of the operations, based on the risk profiles established by the Member States.

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

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

(*) 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).;

(7) in Article 22, the third paragraph is replaced by the following:

'On the basis of a risk analysis in accordance with Article 24(1) of this Regulation, the competent authorities shall perform on-the-spot checks by sampling, for each action, at least 5 % of aid applications. The sample shall also represent at least 5 % of the amounts covered by the aid for each action.;

(8) in the second subparagraph of Article 24(1), the following sentence is added:

'When the minimum number of aid applicants to be subjected to on-the-spot checks is lower than 12, Member States shall randomly select at least one applicant.;

(9) Articles 28 and 29 are replaced by the following:

'Article 28

Recovery of undue payments and penalties

1. In the event of undue payment, Article 7 of Commission Implementing Regulation (EU) No 809/2014 (*) 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 7(2) of Implementing Regulation (EU) No 809/2014.

Article 29

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 4 of Commission Delegated Regulation (EU) No 640/2014 (**) shall apply *mutatis mutandis*.

(*) Commission Implementing Regulation (EU) No 809/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system, rural development measures and cross compliance (OJ L 227, 31.7.2014, p. 69).

(**) Commission Delegated Regulation (EU) No 640/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance (OJ L 181, 20.6.2014, p. 48).;

(10) in Article 32(3), the second subparagraph is replaced by the following:

‘The notification referred to in this paragraph shall be made in accordance with Delegated Regulation (EU) 2017/1183 and Implementing Regulation (EU) 2017/1185.’;

(11) in Article 35, paragraph 2 is replaced by the following:

‘2. The competent authorities shall ensure that the products listed in Annex VII are used in compliance with the relevant Union rules, and in particular Articles 211, 214, 215, 218, 219 and 254 of Regulation (EU) No 952/2013 of the European Parliament and of the Council (*), Articles 161 to 164, 171 to 175, 178, 179 and 239 of Delegated Regulation (EU) 2015/2446 and Articles 260 to 269 of Implementing Regulation (EU) 2015/2447.

(*) Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).’;

(12) Article 38 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) in the first subparagraph, the introductory sentence is replaced by the following:

‘As regards the specific supply arrangements, the competent authorities shall notify the Commission, no later than 31 May each year, of the following data relating to the operations carried out in the previous year with respect to the supply balance of the reference calendar year, broken down by product and CN code and, where applicable, by individual destination.’;

(ii) in the second subparagraph, the second sentence is deleted;

(b) paragraphs 3 and 4 are replaced by the following:

‘3. The notifications referred to in this Article shall be made in accordance with Delegated Regulation (EU) 2017/1183 and Implementing Regulation (EU) 2017/1185.

4. The notifications referred to in Article 23(3) and 32(1) of Regulation (EU) No 228/2013 shall also be made in accordance with Delegated Regulation (EU) 2017/1183 and Implementing Regulation (EU) 2017/1185.’;

(13) Article 39 is replaced by the following:

‘Article 39

Annual report

1. The structure and content of the annual report referred to in Article 32(2) of Regulation (EU) No 228/2013 shall be as set out in Annex IX to this Regulation.

2. The report referred to in paragraph 1 shall be submitted to the Commission in accordance with Delegated Regulation (EU) 2017/1183 and Implementing Regulation (EU) 2017/1185.’;

(14) Article 40 is amended as follows:

(a) paragraphs 1 and 2 are replaced by the following:

‘1. Amendments made to each POSEI programme shall be submitted by Member States to the Commission once per calendar year and per programme, except in cases of *force majeure* or exceptional circumstances. They shall be sent to the Commission no later than 31 July of the year prior to their application. The amendments 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 eligibility conditions.

The Commission shall inform the Member State if it considers that the amendments do not comply with Union legislation, in particular with Article 4 of Regulation (EU) No 228/2013, without prejudice to the Articles 51 and 52 of Regulation (EU) No 1306/2013.

The amendments shall apply from 1 January of the year following that in which they were notified. In case an earlier application is deemed necessary, such amendments may apply earlier, unless the Commission objects.

2. By way of derogation from paragraph 1, the Commission shall evaluate separately the following amendments proposed by the Member States and decide on their approval within five months of their submission at the latest in accordance with the procedure referred to in Article 34(2) of Regulation (EU) No 228/2013:

- (a) the accession of a new outermost region;
- (b) the introduction into the general programme of new groups of products to be supported under the specific supply arrangements or of new measures to assist the local agricultural production.

The amendments 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.;

(b) in paragraph 3, point (b) is replaced by the following:

- '(b) as regards all measures, adjustments up to 20 % of the financial allocation for each individual measure, without prejudice to the financial ceilings provided for in Article 30 of Regulation (EU) No 228/2013, on condition that such adjustments are notified not later than 31 May of the year following the calendar year to which the amended financial allocation refers;'

(c) in paragraph 5, point (a) is replaced by the following:

- '(a) 'measure' means the grouping of actions necessary to achieve one or more objectives for the programme constituting a line for which a financial allocation is defined in the financing table referred to in Article 5(a) of Regulation (EU) No 228/2013;'

(d) paragraph 6 is replaced by the following:

- '6. The notifications referred to in this Article shall be made in accordance with Delegated Regulation (EU) 2017/1183 and Implementing Regulation (EU) 2017/1185;'

(15) Annex IX is added, the text of which is set out in the Annex to this Regulation.

Article 2

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, 28 June 2018.

For the Commission
The President
Jean-Claude JUNCKER

ANNEX

'ANNEX IX

Structure and content of the annual report referred to in Article 39

The structure and content of the report over the previous year shall be as follows:

1. GENERAL CONTEXT IN THE PREVIOUS YEAR

- 1.1. Socioeconomic context.
- 1.2. Situation of agriculture and its development.

2. PHYSICAL AND FINANCIAL IMPLEMENTATION OF THE MEASURES AND ACTIONS

- 2.1. Overall table with financial data concerning support for local production and specific supply arrangements, including initial allocation per measure and action, as well as actual spending and, if relevant, any State aid provided in accordance with Article 23 of Regulation (EU) No 228/2013.
- 2.2. Comprehensive description of the physical and financial implementation of each measure and action, including technical assistance, comprised in the programme:
 - (a) for the specific supply arrangements: data and analysis of the annual supply balance of the region concerned;
 - (b) for the support for local production: data and analysis of the physical and financial implementation of each measure and action listed in the programme including such data as the number of beneficiaries, the number of animals covered by the payment, the eligible surface area and/or the number of holdings concerned. Where necessary, the data must be accompanied by a presentation and analysis of the sector to which the measure relates.

3. PERFORMANCE OF THE PROGRAMME IN THE PREVIOUS YEAR

- 3.1. Progress of the measures and actions towards the specific objectives and priorities of the programme and the general objectives set out in Article 2 of Regulation (EU) No 228/2013:
 - (a) evolution and analysis of the national indicators quantifying the specific objectives of the programme and assessment of the extent to which the specific objectives assigned to each of the measures contained in the programme have been achieved;
 - (b) for the specific supply arrangements, information on 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 6 of this Regulation;
 - (c) for the specific supply arrangements, analysis of the proportionality of the aid in relation to the additional cost of transport to the outermost regions and, in the case of products intended for processing and agricultural inputs, the additional costs of insularity and distant location;
 - (d) annual data on the common performance indicators referred to in Article 37 of this Regulation and their analysis in particular with regard to the attainment of the general objectives set out in Article 2 of Regulation (EU) No 228/2013.

Those analyses must pay special attention to price monitoring, to local agricultural development, and to the competitive position of local products with regard to imports from third countries and supplies from the Union.

- 3.2. Conclusions of the analyses on the suitability of the strategy of the measures and its possible improvement in order to achieve the objectives of the programme.

4. MANAGEMENT OF THE PROGRAMME

- 4.1. Brief account of any major problems encountered in managing and implementing the measures during the year in question.

4.2. Statistics on the checks carried out by the competent authorities and any penalties applied. Any additional information that could be useful for the understanding of the data submitted.

5. **AMENDMENTS**

Brief summary of any amendments to the programme presented during the year in question and their justifications.'
