EAGGF, implementation of the budget. Special reports 1/1999, 2/1999, 1/2000, 8/2000, Court of Auditors

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PURPOSE : to present the special report from the Court of Auditors 1/1999 concerning the aid for the use of skimmed milk and skimmed milk powder as animal feed. CONTENT : this report deals with the Community subventions for the use of skimmed milk powder (SMP) and skimmed milk (SM) as animal feed, i.e. some 500 000 tonnes per annum for which EUR 386 million was spent in 1997. As a reminder, the total Community production of SMP represents 1 208 000 tonnes, of which only 35% is sold on the market without any subsidy. The rest either exported or sold in the context of disposal measures on the internal market. The Court focuses on the regulatory application on the subject and stated that this should be amended in order to deteremine the quality (in particular the protein content) of the SMP eligible for the aid in order to avoid aid being paid for low grade, non marketable, SMP. Moreover, the Court states that the quantities of SMP used for animal feed are continuing to drop, not only because of the crisis in the beef and veal sector, but also because of competition from other, less priced, products. The study by the Court of Auditors indicates that the level of aid paid for the use of SMP as animal feed is nearly 35% of its commercial value, the same rate of aid has applied since 1993. The Court also stipulates to this regard that the Commission has not reassesed the level of aid each year as should normally be the case. According to the Court, the creation of an effective tendering system should be provided and should allow an optimum aid level, particular in view of the rising level of stocks. Lastly, imports of SMP coming from third countries may increase. Imported SMP is fully eligible for all Community SMP aid schemes, which represents EUR 18,7 million per year although this kind of grant is limited by the WTO. Furthermore, the Court outlines irregularities in the sum of eligible quantities and sampling (SMP benefitting from aid should not contain whey powder) as well as control weaknesses as regards the particular arrangements applicable for the payment of aid for SMP incorporated into compound feedingstuffs. Consequently, the Court believes that there is scope to abrogate Regulation 986/68/EEC which governs this type of assistance, as it had already suggested in its annual report relating to 1988 financial year.