Management of the Community cereals trade involving export refunds. Special report 5/97 Court of Auditors

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OBJECTIVE: this Court of Auditors special report concerns the management of the Community cereals trade involving export refunds and other special aid schemes. CONTENT: the main part of this report deals with export refunds and follows on from other audits by the court on the operation of the refund system between 1990 and 1995. The analysis shows that the European Commission has not revised the processing coefficients on which export refunds for products of primary cereal processing are based in 25 years (from 1967 to 1991). As a result, refunds have been paid which were higher than those justified by actual production yields. At the same time, the Court noted serious control weaknesses for certain special refund systems, such as the system for malt or compound feedingstuffs. According to the Court, the provisions governing the payment of export refunds have not been given all the required attention. In addition, the organization and physical checks on the system by the Member States was highly deficient (especially with regard to the products and quantities of cereals exported). Other irregularities were also identified, in particular in the implementation of the special import arrangements for maize and sorghum into Spain or the additional cost to the budget from the sale on the Portuguese market of maize imported at the intervention price. Finally, the Court considers that serious shortcomings have affected the cereal supply system provided for under the POSEIMA programme, in particular by reason of the fact that the rate of aid was linked to refund rates. In the Court's view, the introduction of an annual subsidy calculated to compensate for the additional transport costs between the regions in the POSEI scheme and the mainland Union territory could be one way of remedying the supply disadvantages of these regions.