Common agricultural policy CAP, reform: dried fodder, common organisation of the market CMO, 2004-2005 to 2007-2008

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Special Report No 12/2003 on the sound financial management of the Common Market Organisation for dried fodder. The audit focused on the three largest producers Spain, France and Italy and one smaller scale producer Germany. The Court found that: - the measures introduced by the 1995 reform had been successful in keeping overall expenditure within budget. But some states had been able to exceed their share of the MGQ by as much as 60 % before penalty as other states consistently produced less than their share; - the rates of aid set by the Council in 1995, particularly for artificially dried, were higher than those recommended by the Commission. This encouraged processors to switch from sundrying and produce artificially dried to the maximum extent possible; - despite the investment in supporting the industry, dried fodder remains of limited economic significance for protein consumption in the EU; - lack of clarity in Commission regulations has created opportunities for different interpretations and practices in Member States. The Court welcomes the Commission's current efforts to reform the market. The Court recommends that the Commission address the following points when implementing the reform and notes the compromise reached by the Council: - emphasise the importance of prioritising checks on the basis of formal risk assessment; - define more specifically what it is prepared to accept as meeting the key criteria of fodder 'leaving the premises' in order to qualify for aid; - introduce checks on the plants actually used to produce the fodder to ensure compliance with those specified; - specify the nature and extent of checks on suppliers and operators to whom fodder is supplied; - specify and define the inspections of stock records and financial records of processors that are required in order to ensure reconciliation of the information as far as possible with the quantities being claimed for aid. The Commission has agreed to examine the situation during their forthcoming examination in the context of their work on clearance of EAGGF accounts. Planned evaluation of the CMO was postponed twice. But the market was reviewed for other purposes. Following the BSE crisis, the supply and demand situation was reviewed for determining how, processed animal protein which is now banned could be replaced. This suggested that importing more soya was preferable to increasing production of dried fodder. More recently the mid-term review of the CAP resulted in a proposal by the Commission to phase out aid for processing, which would have resulted in budget savings, and integrate aid for fodder cultivation into the single farm payment scheme. The Commission has informed the Court that, following the compromise solution reached in Council in June 2003 in relation to the various proposals following CAP review, the Council has rejected phasing out aid for processing. It has agreed to transfer part of the aid for fodder into the single farm payment scheme, and to introduce a single and lower rate of aid for processing of euro 33/tonne. The Council has asked the Commission to submit a report to it on the fodder sector by September 2008 on the basis of a formal evaluation of the CMO for dried fodder.