Basic information

2000/2130(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
EAGGF, implementation of the budget. Special reports 1/1999, 2/1999, 1 /2000, 8/2000, Court of Auditors **Subject** 3.10.13 European Agricultural Guidance and Guarantee Fund, EAGGF and EAGF 8.40.05 Court of Auditors	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MCCARTIN John Joseph (PPE-DE)	19/04/2000

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, External Trade, Research, Energy	The committee decided not to give an opinion.	
AGRI Agriculture and Rural Development	The committee decided not to give an opinion.	

Council of the European Union

Key events

Date	Event	Reference	Summary
29/03/1999	Non-legislative basic document published	RCC0001/1999	Summary
13/06/2000	Committee referral announced in Parliament		
12/12/2000	Vote in committee		Summary
12/12/2000	Committee report tabled for plenary	A5-0396/2000	
16/01/2001	Decision by Parliament	T5-0008/2001	Summary
16/01/2001	Debate in Parliament		
16/01/2001	End of procedure in Parliament		
18/09/2001	Final act published in Official Journal		

Technical information	
Procedure reference	2000/2130(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/12726

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0396/2000	12/12/2000	
Text adopted by Parliament, single reading		T5-0008/2001 OJ C 262 18.09.2001, p. 0024-0058	16/01/2001	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Non-legislative basic document	RCC0001/1999 OJ C 147 27.05.2000, p. 0001	29/03/1999	Summary
CofA	Supplementary non-legislative basic document	RCC0002/1999 OJ C 192 08.07.1999, p. 0001-0034	06/05/1999	Summary
CofA	Document attached to the procedure	RCC0001/2000 OJ C 085 23.03.2000, p. 0001	24/01/2000	Summary
CofA	Supplementary non-legislative basic document	RCC0008/2000 OJ C 132 12.05.2000, p. 0001	28/01/2000	Summary

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

2000/2130(COS) - 29/03/1999 - Non-legislative basic document

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.

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

2000/2130(COS) - 06/05/1999 - Supplementary non-legislative basic document

PURPOSE : to present the special report 2/1999 by the Court of Auditors on the effects of the CAP reform in the cereals sector. CONTENT : this special report presents an evaluation of the results of the 1992 CAP reform (the "MacSharry" reform) with regard to its objectives and identifying the weaknesses of this reform. As a reminder, the cereal culture occupies around 38 million hectares, about 25% of the Community's agricultural area, with production reaching about 200 million tonnes a year. In 1997, the operation of the common organisation of the market (COM) in this sector alone cost the Community budget more than EUR 14 billion, i.e. 34% of the EAGGF Guarantee budget. Throughout the transition period before the entry into force of this reform, the reduction of internal prices and the convergence of these with world prices made cereals in the Union relatively more competitive on the world market and their substitution products less attractive on the internal market. The exceptional situation on the market throughout the transition period (1993-1995) supported the world prices at a higher level and converged the process on the internal market with those of the world market without massive institutional prices. The Court believes that the reform achieved its objectives through the transition period. Production was kept at pre-reform level, storage has been reduced to almost zero, and more than half of the exports were achieved without export refunds. The increased level of prices in the rest of the world, or the yeilding were less important, and has allowed European cereals to find openings. However, the maintenance of high prices on the Community market by comparison with the strong decrease of world prices combined with surpluses of home grown cereal, presented the Community with a very difficult problem. According to the Court, the stability achieved during the transition period cannot be sustained. Allowing surpluses to be dealt with by means of intervention storage alone is not a sustainable solution. Consequently, the Court believes that the solutions provided for by Agenda 2000 are insufficient (reductions in intervention prices, in particular) and new measures are necessary in order to compensate the loss of farmers' earnings. According to the Court, one of the main risks of the reform resides in the fact that assistance went to larger farms : in 1995, practically 40% of land aid benefitted 3% of farmers. Therefore, serious efforts are anticipated in order to help small farmers, in providing notably the placing a ceiling on public farm support. This system could equally be risky because some of the larger farms may be tempted to split themselves up into smaller ones so that more aid may be obtained. It is the Court's opinion that, it is necessary to re-examine the present support system of farmers' earnings, which are essentially based on yield return and farm land and to envisage the possibility of defining a standard net income perfarm household or working unit. Lastly, the Court believes that the farmers earnings and rural development policy in general must take into consideration the need to support employment, improve the environment and protect the country side.

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

2000/2130(COS) - 28/01/2000 - Supplementary non-legislative basic document

PURPOSE : to present the special report 8/2000 from the Court of Auditors on Community measures for the disposal of butterfat. CONTENT : the present report presents the impact and the efficiency of the Community measures on the disposal of butterfat. As a reminder, these measures, introduced in 1969, aimed to limit surpluses by providing subsidies for the use of butter as only 65% of butter available is consumed at market price. Three EU disposal measures exist : a measure principally for the use of cream, butter or concentrated butter in pastry and ice cream, a measure for concentrated butter intended for direct consumption including private households and a measure for the use of butter by institutions and non-profit making organisations such as hospitals or social canteens. Some EUR 600 million is spent annually on these measures covering around 500 000 tonnes of butter each year, which is 20% of the total EU expenditure on the common market organisation (CMO) for the milk sector in 1998. The Court's audit was carried out in 1998 and in the first half of 1999 at the Commission and in six Member States (Germany, Belgium, Spain, France, the Netherlands and the United Kingdom). It centred on the management of the measures and it included an appreciation of the cost-effectiveness and related aspects of the efficiency of the measures. The observations of the Court are based on an examination of the systems involved and the testing based on the key controls as well as on the examination of a number of selected transactions. Particular attention was paid to the butter for pastry measure which accounted for 87% of the expenditure on disposal measures in 1998. The Court commented at the time on the complexity of the measures and on the need to increase the frequency of on-the-spot checks and to improve their central monitoring. The aid level (about 30% of the market price of butter) could be further reduced, if market forces were allowed to play their role fully. Low quality and imported butter are eligible for EU support, thereby reducing the impact of the measures. The Commission Regulation stipulates the adding of tracers to products for control reasons. The Commission argues that these tracers have been considered to be harmless for human consumption. However, according to a expert's opinion some of these substances foreseen as tracers give rise to a health risk. The Court points out that improvements are necessary at Member State level concerning the approval and inspection of establishments entitled to incorporate aided butterfats, the control of the adding of tracers and the controls on the European origin of butter for direct consumption. The Court believes that through time, the butter disposal measures, initially introduced on a temporary basis, developed and became permanent schemes to deal with the structural surplus despite the introduction of the milk quotas in 1984. The Commission must provide structural measures in order to encourage the demand for non-subsidised butter or limited offer. The Commission should make a comprehensive assessmentof the disposal measures and revise the current tendering procedures. Lastly, the Commission should progressively reduce the aid which concentrates only on the quality non-imported butterfats and introduce provisions requiring the declaration of the presence of tracers.

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

2000/2130(COS) - 24/01/2000

PURPOSE : to present the special report 1/2000 from the Court of Auditors relating to classical Swine Fever. CONTENT : this report concentrates on the measures taken by the Commission following swine fever 1997/98. As a reminder, the common organisation for pigmeat traditionally provides only limited market support for the sector, but when there is an epidemic classical Swine Fever (CSF), the Community expenditure on exceptional measures to support the market and veterinary measures results in a quantum increase in the charge to the budget. A total of EUR 570 million for exceptional market support measures and EUR 80,5 million for veterinary measures has been charged to the 1997 and 1998 budget. With regard to the epzootic epidemic in 1997/98, the main objective of the Court of Auditors was to evaluate the management of the crisis in the four Member States affected (Germany, Belgium, Spain, the Netherlands) and at the Commission level. In the veterinary field, the eradication and surveillance programmes have not supported the Community from CSF and the Commission has not ensured that Member States presented programmes immediately after the 1993 to 1995 epidemic. The notification system of animal movements in the Community (ANIMO) failed to identify the essential information at the right moment. The Community's non-vaccination policy, based on the nature of the vaccines and the cost of the vaccination campaign in comparison with that of eradication, was brought into question by the arrival of marker vaccines and by the very high costs stemming from the 1997/98 epidemic. The Court highlights that very often the amounts paid to the farmers had not been controlled because the evaluations were insufficiently reported. Moreover, the Court discovered problems in the following of the animals to the time of their final destruction. The Court recalls that from 1995 it had made a certain number of recommendations in view of the combat against classical swine fever from 1993 to 1995. The Court made four main recommendations: 1) to make sure that the regulatory texts specify clearly, from the beginning, the conditions in which the veterinary measures and the exceptional measures are applicable; 2) to examine the possibility of fixing the different rates for the two measures; 3) to take measures so that the compensation paid by the Member States to the producers are calculated following more specific and homogeneous conditions; 4) to provide a revised proposal for the regulation in force. The Court states that in 2000, these recommendations have not been fully taken into account. The fact that there were new problems in the veterinary field (putting in place of the free internal market and BSE) shows that a priority has not been given to emergency plans. The Member States were badly prepared for the epidemic in 1997/98 when they were confronted with the same situation 2 years previous. Consequently, the Court invites the Commission to dedicate the necessary resources in order to achive the revision ofCommunity legislation and policy in this sector as quickly as possible in order to reduce the risk of future outbreaks of classical swine fever causing epidemics on such a scale. The Member States should also take reponsibility by efficiently implementing the Community legislation.

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

2000/2130(COS) - 16/01/2001 - Text adopted by Parliament, single reading

The report by Mr John Joseph McCARTIN (EPP/ED, IRL) has been adopted by the European Parliament. However, in relation to the Special Report on skimmed milk, it deplores the Council's inability to take the necessary steps either in 1989 or in 1993 to address a number of loopholes, including the lack of proper guarantees against the falsification of skimmed-milk powder, which had given rise to numerous irregularities detrimental to Community finances. The Commission is requested to ensure that the level of aid granted for skimmed milk and skimmed-milk powder is closely linked to the quality of the product, with particular reference to the minimum protein content. The Parliament also requests the Commission to consider the possibility of introducing a tender procedure for the fixing of the aid level for the use of skimmed-milk powder, as it does already in connection with the sales of that product from public storage under Commission Regulation 2799/1999. With regard to the Special Report on butterfat, the Parliament regrets the persistent surplus in the milk sector due, in part, to a reduction in consumption. Therefore, it asks that measures should be taken at Community and national level to promote demand for milk and various milk products. It also asks the Commission to ensure that Member States introduce improvements to the administration of the disposal measures with particular emphasis on control and monitoring mechanisms. Lastly, it asks the Commission to ensure that subsidies for butterfat are not subject to VAT throughout the Union and to indicate a timetable of the future action aimed at simplifying the VAT system. As far as the Special Report on cereals is concerned, the Parliament shares the Court of Auditors' view that the global production trend in cereals, as well as the divergent trends in Member States, make it unlikely that the reform will have any lasting effects on production levels. According to the Parliament, future proposals for the sector should : address the need to improve the position of smaller producers by differentiating support according to farm size or yield; explore the possibilities of cofinancing certain income support; tackle the present situation according to which support for the cereals sector is concentrated in the more prosperous regions of the Union and; endeavour to redress the uneven distribution of incomes. Lastly, as regards the Special report on classical swine fever, the Parliament attaches great importance to the speedy conclusion of the procedure for amending Council Directive 80/217/EEC on the control of classical swine fever. The Commission is also askes to ensure that the Animal Movement System (ANIMO) is managed and developed under the full control of the Commission.