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REPORT

on the proposal for a Council regulation amending Regulations (EEC) No 2759/75, (EEC) No 2771/75, (EEC) No 2777/75, (EC) No 1254/1999, (EC) No 1255/1999 and (EC) No 2529/2001 as regards exceptional market support measures (COM(2004)0712 – C6-0220/2004 – 2004/0254(CNS))

Committee on Agriculture and Rural Development

Rapporteur: Niels Busk

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend the common position
- *** Assent procedure
majority of Parliament's component Members except in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend the common position
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council regulation amending Regulations (EEC) No 2759/75, (EEC) No 2771/75, (EEC) No 2777/75, (EC) No 1254/1999, (EC) No 1255/1999 and (EC) No 2529/2001 as regards exceptional market support measures (COM(2004)0712 – C6-0220/2004 – 2004/0254(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2004)0712)¹,
 - having regard to Articles 36 and 37 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0220/2004),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A6-0126/2005),
1. Rejects the Commission proposal;
 2. Calls on the Commission to withdraw its proposal and submit a new one;
 3. Instructs its President to forward its position to the Council and Commission.

¹ Not yet published in OJ.

EXPLANATORY STATEMENT

Introduction

With this proposal, the Commission seeks to alter the financing of exceptional market support measures applied in the case of outbreaks of infectious diseases such as Foot and Mouth Disease (FMD) and Classical Swine Fever (CSF).

Under the relevant Council regulations only 100% funding from the EC budget is possible, and this is confirmed by the European Court of Justice's judgment in Case C-239/01¹.

The Commission's argument in favour of co-financing is that the Member States are responsible for the measures to combat infectious veterinary diseases. By also placing a financial responsibility on the Member States, the Commission expects them to do their best in the veterinary and sanitary field to stamp out diseases as quickly as possible and to minimise the costs.

The Commission's other argument for submitting this proposal is that that European Court of Auditors, in its Special Report 1/2000² on classical swine fever, recommended a strict parallelism regarding the co-financing of veterinary measures and market support measures. The Court of Auditors considers that, if a distinction is drawn, this gives the Member States an incentive to ensure that as much as possible of the costs are financed from exceptional market support measures, where the level of EU funding is highest.

The Commission's arguments cannot outweigh the particularly negative consequences which the Commission proposal might have for the Common Agricultural Policy in general and the conditions of competition in European agriculture in particular.

The proposal is founded on inadequate grounds, and it does not seem possible to improve it sufficiently by amendments.

The Commission proposal should therefore be rejected in its entirety and the Commission asked to submit a new one.

Re-nationalisation of the Common Agricultural Policy...

The Commission opens the way, with its proposal, for co-financing under the EAGGF Guarantee Section (expenditure area 1A) within the CAP, which – *mutatis mutandis* – is tantamount to opening the way to the re-nationalisation of the CAP.

The introduction of co-financing would require a new reform of the CAP, which is not realistic at this point, when the latest reform is only in the initial stage of implementation. A new financing model is also not in line with the agreements concluded in connection with the latest round of enlargement of the EU.

¹ ECR [2003], p. I-10333.

² OJ C 85, 23.5.2000, p. 1-28.

The Commission proposal would also open up a risk of the increased spread of veterinary diseases and thus reduce the level of protection in the EU. This could result in the Member States refusing to cooperate, or partly avoiding cooperation, with national co-financing. Farmers in one Member State would then risk receiving lower compensation than farmers in other Member States, thus resulting in less effort being put into combating infectious veterinary diseases, and a concomitant increased risk of their spread.

...and significantly different conditions of competition

The most important argument against co-financing under the Guarantee Section is that it would mean European farmers being exposed to significantly different market conditions. That also means the end, in practice, of the CAP. This is an argument the Commission itself uses.

One essential reason for rejecting the Commission proposal in its present form is that national co-financing is an unknown quantity, and it is particularly unclear to what extent the national contribution will be paid from the public purse, from the agriculture sector or via para-fiscal levies. It may seem reliable, but is none the less in direct contradiction of the Treaty provisions banning discriminatory treatment on the grounds of nationality.

This problem was also raised by the Court of Auditors, which in its 2004 Annual Report writes that the trend in several Member States towards shifting the co-financing costs to the agriculture sector involves the risk of distorting competition between producers in the EU, and that in such cases, in the Court of Auditors' view, a Community legal basis therefore should be established for such measures.

Another very important question is to what extent it is in fact legally sustainable to submit a proposal on co-financing within the current Council regulations on market support measures, rather than to submit an amendment to the Financial Regulation, and in particular to the codified Regulation EEC/729/70¹ on the financing of the Common Agricultural Policy.

Prevention is the first step

The Commission is approaching the problem in totally the wrong way, putting the cart before the horse.

At European level a number of measures have been taken to combat infectious veterinary diseases. The Member States are obliged, both legally and morally, to implement these measures, and, as the guardian of the Treaty, the Commission is responsible for ensuring that this implementation takes place in full accordance with the letter and spirit of the legislative text.

The ANIMO network

Another important and very valuable instrument in the prevention phase is the Animo

¹ OJ L 94, 28.4.1970, p. 13-18.

network, a computer-based communications network between the veterinary authorities, the ultimate aim of which is to restrict veterinary checks to the place of origin.

When the health of people and animals is at stake, the veterinary authorities in one Member State must be in a position to identify the parties at risk as soon as they are notified of the outbreak of an infectious veterinary disease in another Member State from which animals have been exported to the first Member State.

Animo is the only computer network at EU level which can fulfil this function; the Commission must make the network operate as efficiently as possible in the 25-member EU and ensure that it contains precise, reliable and complete information.

While the failings of Animo are more to do with the way the system is used than with the system itself, it must be an absolute first priority to take note of criticisms and to rectify the failings by improving the system, as well as holding courses or sending out guidelines for the optimum use of the network.

Alternative forms of financing

In the conclusions of the most recent reform of the CAP, adopted in Luxembourg in 2003, the Council had appended to the Commission's announcement a statement that the Commission would examine specific measures to address risks, crises and natural disasters in agriculture, and submit a report together with proposals to the Council before the end of 2004.

No such report has yet been submitted either to the Council or the European Parliament, in spite of the fact that it should have formed the most important basis of the proposals submitted by the Commission on a new financing structure. The report should contain an examination and analysis of all possible alternative financing possibilities, such as an insurance regulation or a fund financed from the agriculture sector, the Member States and the EU, the Commission investigation should enable a serious political debate to be carried out which can then form the foundation of a decision with a positive effect in the long term too.

A proposal for an altered financing system should also be divided into at least two systems, taking account of the size and extent of the outbreak and the need for action.

Lack of coordination between means and ends

The Commission's argument, that the Member States will only do their best to eradicate the disease as quickly as possible if they are given the responsibility of co-financing, does not show any great confidence in the EU veterinary provisions, which in any case contain clear instructions on what guidelines should be followed in the event of an outbreak, including restrictions on the movement and transport of animals.

The Member States' ability to manage and combat an outbreak of an infectious disease depends from the very first moment on the EU decisions being implemented and the EU instruments being effective. Here again it must be stressed that the Animo network is the most effective and reliable database permitting the Member States to detect animals from infected

areas, so that these animals can be tested and/or slaughtered.

The export of fresh meat from the EU to third countries depends on the pinpointing and precise registration of possible infection carriers.

Greater efforts towards prevention

A great deal more effort should be put into prevention and into stopping the spread of outbreaks. This can be done by halting all unnecessary transport of animals from one farm to another – since this increases the infection risk in the event of an outbreak – and by introducing a maximum stocking density, thus ensuring that the disease can be effectively combated.

Conclusion

With its proposal, the Commission risks creating uncertainty about veterinary status, level of protection and the EU's commitment to veterinary health.

Food production within the EU is particularly vulnerable to the outbreak of infectious diseases, which are outside the control of individual farmers. The proposal would create greater uncertainty about, and fear of, the risk of infection in the EU.

The costs to the EU, and to the individual farmer whose herd is hit by an infectious disease, go much further than can be calculated in money terms. In addition to the economic and human costs, there may also be losses of genetically valuable animals and breeding stock which cannot be replaced.

In the light of the above, the Commission's proposal in its present form must be rejected, and the Commission must be called upon instead to examine alternative financing systems such as the accumulation of a risk fund, insurance regulations, etc., before submitting a new proposal.

PROCEDURE

Title	Exceptional market support measures		
References	COM(2004)0712 – C6-0220/2004 – 2004/0254(CNS)		
Legal basis	Articles 36 and 37 EC		
Basis in Rules	Article 51		
Date of consulting Parliament	3.12.2004		
Committee responsible Date announced in plenary	AGRI 14.12.2004		
Committee(s) asked for opinion(s) Date announced in plenary	BUDG - - 14.12.2004		
Not delivering opinion(s) Date of decision	BUDG 31.1.2005		
Enhanced cooperation Date announced in plenary	-		
Rapporteur(s) Date appointed	Niels Busk 23.11.2004		
Previous rapporteur	-		
Simplified procedure Date of decision	-		
Legal basis disputed Date of JURI opinion	- / -		
Financial endowment amended Date of BUDG opinion	- / -		
European Economic and Social Committee consulted Date of decision in plenary	-		
Committee of the Regions consulted Date of decision in plenary	-		
Discussed in committee	19.1.2005	14.3.2005	26.4.2005
Date adopted	26.4.2005		
Result of final vote	for: 27 against: 0 abstentions: 2		
Members present for the final vote	Filip Adwent, Peter Baco, Katerina Batzeli, Thijs Berman, Niels Busk, Luis Manuel Capoulas Santos, Joseph Daul, Albert Deß, Gintaras Didžiokas, Jean-Claude Fruteau, Ioannis Gklavakis, Lutz Goepel, Bogdan Golik, Friedrich-Wilhelm Graefe zu Baringdorf, María Esther Herranz García, Mairead McGuinness, Neil Parish, María Isabel Salinas García, Agnes Schierhuber, Willem Schuth, Czesław Adam Siekierski, Witold Tomczak, Kyösti Tapio Virrankoski, Janusz Wojciechowski		
Substitutes present for the final vote	Wiesław Stefan Kuc, Hans-Peter Mayer, Markus Pieper, Zdzisław Zbigniew Podkański,		
Substitutes under Rule 178(2) present for the final vote	Luis Yañez-Barnuevo García,		
Date tabled – A6	29.4.2005 A6-0126/2005		
Comments			

