
Commission to recover Euro 119.46 million of CAP expenditure from the Member States

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A total of € 119.46 million of EU farm money misspent by Member States is to be claimed back, following a decision adopted by the European Commission. The money is to be recovered because of inadequate control procedures or non-compliance with EU rules on agricultural expenditure. While Member States are responsible for paying out and checking virtually all expenditure under the Common Agricultural Policy (CAP), the Commission is required to ensure that Member States have made correct use of the funds.

Commenting on the decision, Franz Fischler, Commissioner for Agriculture, Rural Development and Fisheries said "European taxpayers have to be sure that their money is being correctly spent. The Commission's duty is to recover funds which are misspent. And this is what we have done today."

This audit procedure is a vital instrument for controlling CAP expenditure, permitting the recovery of sums paid out without sufficient guarantees as to the legitimacy of the payments made or the reliability of the control and verification system in the Member State concerned.

Main financial corrections

Under the present decision, funds are recovered from Belgium, Spain, France, Germany, Greece, Italy, United Kingdom, Netherlands and Portugal. The most significant individual recoveries are:

- **€ 27.68** million charged to **France** mainly for shortcomings in the key controls on area eligible for direct payments in the arable crops sector ;
- **€ 20.81** million charged to **France** mainly for absence of key controls/compensatory aid for bananas in the fruit and vegetables sector ;
- **€ 19.06** million charged to **Italy** mainly for infringement of Regulation (EC) No 2075/2000 : young farmers in rural development sector ;
- **€ 16.80** million charged to **United Kingdom** for shortcomings in the on-the-spot-checks in the arable crops sector.

Full details of the recoveries for each of the decisions, by Member State and by sector are given in the tables attached (annexes I-II). Annex III shows sums recovered since 1995.

Background : How the system works

Member States responsible for payments and recoveries

The Member States are responsible for making practically all the payments, charging all the levies and recovering all undue payments within the framework of the EAGGF (European Agricultural Guidance and Guarantee Fund) Guarantee Section.

The clearance of accounts procedure requires the Commission to ensure, primarily by means of on-the-spot inspections, that the Member States have made correct use of the funds placed at their disposal by the EAGGF. The Commission carries out over 200 inspections in the Member States each year.

Use of aerial and satellite photography and data bases

The Commission works with the Member States to ensure that the paying agencies thoroughly check all claims before they are paid and that the paying agencies' accounts and procedures are audited each year in accordance with internationally recognised standards. The Commission also actively assists all the Member States to put in place an integrated control system using the most advanced techniques to check fields by aerial or satellite photography and to cross-check claims in computer data bases.

Recovery of funds

Where, despite these efforts, the Commission finds that the control procedures in a Member State are wanting or do not conform to the EU rules, it recovers the amount misspent from the Member State concerned. If the systems put in place by a Member State prove unsatisfactory, the Commission refuses to finance all or part of the expenditure involved.

1995 reform of the system for recovering misspent sums

The system was overhauled in 1995 with the aim of making it more efficient. It is now based on two separate procedures.

The first is purely financial, focusing on audits by Commission staff (based on the certification of accounts proposed by independent bodies) relating to the correctness and completeness of the accounts and the paying agencies' compliance with the European Union's standards. This procedure must be completed by 30 April each year.

The second relates to inspections by the Commission and involves the recovery of all or part of the expenditure claimed for the previous 24 months if it is found that payments do not conform to the EU rules.

Amounts may be recovered in specific cases where anomalies or systematic failings are found. If the losses for the Community cannot be calculated precisely, the recovery may be set at 2%, 5%, 10% or 25% of the expenditure in question, or even more. There is thus a strong incentive for the Member States to improve the quality of their monitoring and audit systems.

Member States' right of reply and the Conciliation Body

The Member States have the right of reply and the right to a fair hearing. There is first an exchange of information between the Member States and the Commission, followed by a discussion and an informal bilateral meeting. Before the clearance decision is taken, the procedure provides for all the significant corrections to be examined by a panel of independent experts ensuring that the Member States' arguments are heard. Finally, the Member States have the right to appeal to the European Court of Justice.

If the requisite improvements have not been made, the Commission uses all the means at its disposal to bring the Member States to comply with the EU rules and, in flagrant cases, refuses to finance in full the monthly advances declared by the Member States.

Annexes : I to III

Annex I

Clearance of accounts of EAGGF - Guarantee Decision 16: Principle corrections by Member state

	amount in
Belgium	
Fruits & Vegetables, shortcomings in secondary controls	0.64
Germany	
Financial Audit, financial correction certification of accounts	0.07
Spain	
Fruit & Vegetable, ad-hoc correction failure to deliver contracted	5.25
Fruit & Vegetable, infringement of Regulations (EC) n° 2202/96	0.04
Public Storage, flat-rate correction of 2% - shortcomings in	2.95
Arable Crops, flat-rate correction of 2% - shortcomings in	2.31
France	
Fruit & Vegetable, flat-rate correction of 10% - absence of key	20.81
Fruit & Vegetable, ad-hoc correction of 1.01% - infringement of	3.47
Public Storage, flat-rate correction of 10% - absence of key	6.21
Arable Crops, shortcomings in the key controls on area eligible for	27.68
Greece	
Fruit & Vegetable, exclusion from beyond the triennial programme	1.14
Fruit & Vegetables, failure to pay the minimum price to producers	0.65
Public Storage, flat-rate correction of 2% - shortcomings in controls	0.67
Public Storage, flat-rate correction of 5% - shortcomings in key	2.51
Italy	
Public Storage, flat-rate correction of 2% - shortcomings in	2.76
Rural Develop. , correction infringement of Regulation (EC) No	19.06
United Kingdom	
Fruit & Vegetables, flat-rate correction of 2% - shortcomings in key	0.32
Animal Premium, flat-rate correction of 2% - shortcomings in	3.66
Arable Crops, flat-rate correction of 2% - shortcomings in on-the-	16.80
Netherlands	
Fruit & Vegetables, correction expenditure above the flat rate of	0.08
Animal Premium, flat-rate of 10% - shortcomings in key controls	1.04

Animal Premium, flat-rate of 10% - shortcomings in key controls	1.04
Portugal	
Public Storage, flat-rate correction of 2% - shortcomings in controls : aid for the most deprived persons	1.34
TOTAL	119.46

Annex II

Clearance of accounts of EAGFL

Decision 16: Principle corrections by Sector

	in Mio. EUR
PUBLIC & PRIVATE STORAGE	16.44
LIVESTOCK PREMIUMS	4.70
ARABLE CROPS	46.79
FRUIT & VEGETABLES	32.40
RURAL DEVELOPMENT	19.06
FINANCIAL AUDIT	0.07
TOTAL	119.46

Annex III

Summary of corrections (in Mio €)

Figures and graphics available in PDF and WORD PROCESSED