

Brussels, 18 September 2002

OPINION
of the
Economic and Social Committee
on the
**Proposal for a Council Regulation amending Regulation (EC) No. 1258/1999
on the financing of the common agricultural policy**
COM(2002) 293 final - 2002/0125 (CNS)

On 19 July 2002 the Council decided to consult the Economic and Social Committee, under Article 152 of the Treaty establishing the European Community, on the

Proposal for a Council Regulation amending Regulation (EC) No. 1258/1999 on the financing of the common agricultural policy
COM(2002) 293 final - 2002/0125 (CNS).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 29 August 2002. The rapporteur was **Mr Strasser**.

At its 393rd plenary session (meeting of 18 September 2002), the Committee adopted the following opinion with 128 votes in favour and three abstentions:

1. **Introduction**

1.1 The proposal extends the period in which financing from the EAGGF Guarantee Section can be refused. Under Article 7(4) of Council Regulation (EC) No. 1258/1999 on the financing of the common agricultural policy, a decision to refuse financing may not involve expenditure dating back more than 24 months before the Commission's written communication of the results of its checks to the Member State in question.

1.2 The Commission is proposing that this period be extended to 36 months. The explanatory memorandum accompanying the proposal states, inter alia, that:

- the restriction should be applied in a manner which takes better account of the European Union's financial interests;
- "non-conform expenditure" is to be reduced by extending the reference period.

1.3 A working group set up by the Commission in 1993 to study the reform of the clearance of the EAGGF Guarantee Section accounts called for corrections to expenditure to be possible over a period of 36 months. The Council did not follow this recommendation, and came out in favour of 24 months.

2. **Comments**

2.1 It is the Committee's firm belief that the Commission must be able to recover money that has been spent improperly in order to avoid financial losses to the Community budget. It should be borne in mind that there are various reasons for the improper use of payments. One reason could be deficiencies which crop up when a new scheme is introduced or a substantial change is made to a scheme, as the Commission notes itself. Frequent changes to regulations or directives, as has been the case in recent years, exacerbate this problem.

2.2 The Committee would therefore urge that the Commission be equipped with the requisite resources to strengthen its preventive checks in order to, on the one hand, eliminate deficiencies in good time and, on the other hand, improve administration in the Member States if that should prove necessary.

2.3 The Committee nevertheless doubts whether extending the reference period for corrections will appreciably reduce the number of improper payments, as more breaches of the rules are not likely to be unearthed. It may, however, considerably increase the danger of Member States facing accusations and make it more difficult to collect evidence.

Brussels, 18 September 2002.

The President
of the
Economic and Social Committee

The Secretary-General
of the
Economic and Social Committee

Göke Frerichs

Patrick Venturini
