



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION

**amending Regulation (EEC) No 3508/92 establishing an integrated administration
and control system for certain Community aid schemes**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The decisions on the reform of the common agricultural policy, especially on the direct aid payment for holdings, require adjustments to be made to the Integrated Administration and Control System (IACS). Therefore, the scope of IACS has to be adapted to the new Community schemes.

Since its introduction in 1992, IACS has led to significant improvement of the implementation of Community aid rules and to more efficiency and transparency of the different aid schemes to which it applies. At the same time IACS has made remarkable progress as regards avoiding irregularities and reducing the risk to the EAGGF Guarantee Section from agricultural expenditure, which was another important aim of the implementation of IACS. Therefore, it is opportune that the Commission extends, where appropriate, the scope of IACS to other Community by a simplified procedure.

Furthermore, the Member States should design their own systems for the application of other area-related Community aid schemes to be compatible with the essential elements of IACS. Hereby, the efficiency and transparency of Community aid can be improved, administrative costs can be decreased and the risk to the EAGGF reduced. Also where aids other than area aids are provided for, the Member States may incorporate and use in their administration and control procedure one or more administrative, technical or data-processing components of the integrated system.

The regulation also provides some new technical modalities concerning the agricultural parcel identification system and the submission of applications. A homogenised application of control and sanction in the context of EC Community aid schemes covered by IACS is envisaged in order to avoid discrepancies and distortion of competition between the Member States.

Concerning the parcel identification system an improvement is envisaged with recourse to the technique of geographical information systems and of digital orthophotography. Hereby, the administrative control will be accelerated, the number of substantial errors will be reduced or even eliminated and the administrative costs reduced.

The improvement of the agricultural parcel identification system with recourse to the technique of geographical information systems and of digital orthography will incur costs to the Member States. However, it must be taken into consideration that some Member States already apply these new techniques. Concerning the Member States, which do not yet have the new techniques, a part of the costs may be eligible for co-financing under Regulation (EC) No 723/97 within the limits of the budgetary possibilities.

Considering that the introductory phase of the integrated system has largely been completed, the Commission should continue to be kept informed at regular intervals about the implementation and effectiveness of the integrated system in the Member States.

Proposal for a

COUNCIL REGULATION

amending Regulation (EEC) No 3508/92 establishing an integrated administration and control system for certain Community aid schemes

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) The decisions on the reform of the common agricultural policy require adjustments to be made to the integrated administration and control system.
- (2) The application of the integrated management and control system in those areas to which it applies has led to significant progress in reducing the risk to the EAGGF Guarantee Section from agricultural expenditure. It should be laid down that the Member States are to design their own systems, compatible with the essential elements of IACS, for the application of other Community area aid schemes. The Commission should be allowed to extend the integrated system to other Community schemes.
- (3) In view of the difficulties encountered when carrying out administrative checks on areas declared, and in particular the costs and time involved in clearing up anomalies in declarations, experience in a number of Member States which have created a special parcel identification system and progress in digital orthophotography and geographical information systems, the introduction of computerised geographical information system techniques for the identification of agricultural parcels should be foreseen.
- (4) Since the measures for the implementation of Council Regulation (EEC) No 3508/92¹ are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission², they should be adopted by use of the management procedure provided for in Article 4 of that Decision. Regulation (EEC) No 3508/92 should therefore be amended accordingly.

¹ OJ L 355, 5.12.1992, p. 1.

² OJ L 184, 17.7.1999, p. 23.

- (5) Now that the introductory phase of the integrated system has largely been completed, the Commission should continue to be kept informed about the implementation and effectiveness of the integrated system in the Member States,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 3508/92 is amended as follows:

1. Article 1 is amended as follows:

(a) Paragraphs 1 and 2 are replaced by the following:

“1. Each Member State shall set up an integrated administration and control system, hereinafter referred to as the 'integrated system', applying:

(a) in the crop sector:

(i) to the support system for producers of certain arable crops established by Council Regulation (EC) No 1251/1999³,

(ii) to the aid scheme for rice producers established by Article 6 of Council Regulation (EC) No 3072/95⁴,

(iii) to the specific measure in respect of certain grain legumes introduced by Council Regulation (EC) No 1577/96⁵,

(b) in the livestock sector:

(i) to the premium and payment arrangements for beef and veal producers established by Chapter 1 of Title 1 of Council Regulation (EC) No 1254/1999⁶,

(ii) to the premium arrangements for sheepmeat and goatmeat producers introduced by Council Regulation (EC) No 2467/98⁷,

(iii) to direct payments under Article 19 of Council Regulation (EC) No 1255/1999⁸,

hereinafter referred to as 'Community schemes'.

2. The Commission may, in accordance with the procedure laid down in Article 12a(2), extend the integrated system to other Community aid

³ OJ L 160, 26.6.1999, p. 1.

⁴ OJ L 329, 30.12.1995, p. 18.

⁵ OJ L 206, 16.8.1996, p. 4.

⁶ OJ L 160, 26.6.1999, p. 21

⁷ OJ L 312, 20.11.1998, p. 1.

⁸ OJ L 160, 26.6.1999, p. 48.

schemes and, consequently, align the corresponding provisions of the rules concerned.”

- (b) Paragraph 3 is deleted.
- (c) Paragraph 4 becomes paragraph 3.

2. In Article 2 letters (b) and (c) are replaced by the following:

- “(b) an identification system for agricultural parcels,
- (c) a system for the identification and registration of animals,”

3. Article 4 is replaced by the following:

“*Article 4*

An identification system for agricultural parcels shall be established on the basis of maps or land registry documents or other cartographic references. Use shall be made of computerised geographical information system techniques including aerial or spatial orthoimagery, with an homogenous standard guaranteeing accuracy at least equivalent to cartography at a scale of 1:10 000.”

4. Article 6 is amended as follows:

- (a) Paragraph 2 is replaced by the following:

“2. The area aid application shall be submitted by a date to be fixed by the Member State which shall not be after that laid down for the submission of applications in Council Regulation (EC) No 1251/1999.

In all cases, the date shall be set bearing in mind, *inter alia*, the period required for all relevant data to be available for the proper administrative and financial management of the aid and for the checks provided for in Article 8 to be carried out.

Notwithstanding Article 5(1) of Council Regulation (EEC, Euratom) No 1182/71 of 3 June 1971 determining the rules applicable to periods, dates and time limits⁹, where the submission date is a public holiday, a Saturday or a Sunday, it shall be deemed to fall on the first working day following.”

- (b) Paragraph 3 is replaced by the following:

“3. A Member State may decide that an area aid application need contain only changes with respect to the area aid application submitted the previous year. Member States shall simplify the application process by distributing pre-printed forms based on the areas determined in the previous year and supplying graphic material indicating the location of those areas.”

⁹ OJ L 124, 8.6.1971, p. 1.

(c) Paragraph 4 is replaced by the following:

“4. Certain amendments may be made to the area aid application provided that they are received by the competent authorities no later than the date laid down for sowing in Council Regulation (EC) No 1251/1999.

(d) Paragraph 6 is replaced by the following:

“6. For each of the agricultural parcels declared, farmers shall indicate the area and its location, which information must enable the parcel to be identified in the identification system for agricultural parcels.”

5. The following Article 9a is inserted:

“Article 9a

1. For the purposes of applying Community aid schemes not referred to in Article 1, the Member States shall ensure that the administration and control systems applied to them are compatible with the integrated administration and control system in the following respects:

- (i) the computerised data base,
- (ii) the parcel and animal identification systems,
- (iii) administrative checks,

Where aids other than area aids are provided for, the Member States may incorporate in their administration and control procedure one or more administrative, technical or data-processing components of the integrated system.

The specific provisions laid down under the schemes referred to in the first and second subparagraph, in particular those concerning the terms on which aid may be granted, shall not be affected by this Regulation.

2. Member States may extend the possibility provided for in the second subparagraph of paragraph 1 to national schemes.

They may use the information from the integrated system for statistical purposes.

3. Member States shall inform the Commission if they avail themselves of the possibilities referred to in paragraphs 1 and 2.

The Commission shall ensure that recourse to these possibilities does not prejudice compliance with the sectoral Regulations or this Regulation.”

6. Article 10 is deleted.

7. Article 11(1) is replaced by the following:
- “1. The Commission shall be regularly informed on the application of the integrated system.
- It shall organise exchanges of views on this subject with the Member States.”
8. Article 12 is amended as follows:
- (a) The first sentence is replaced by the following:
- “The Commission shall adopt detailed rules for the application of this Regulation in accordance with the procedure laid down in Article 12a(2).”
- (b) Letter (a) is replaced by the following:
- “(a) the basic features of the identification system for agricultural parcels;”
9. After Article 12 the following Article 12a is inserted:
- “Article 12a*
1. For the purpose of implementing this Regulation, the Commission shall be assisted by the Fund Committee established by Article 11 of Regulation (EC) No 1258/1999 (hereinafter referred to as “the Committee”).
2. Where reference is made to this paragraph, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply in compliance with Article 7(3) thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be one month.
4. The Committee may examine any matter raised by its Chairman, either on his own initiative or at the request of a Member State.”
10. In Article 13(1), the following letters (c) and (d) are added:
- “(c) from 1 January 2003 as regards the geographical part of the parcel identification system;
- (d) from 1 January 2001 as regards the compatibility of the administration and control systems with the integrated system as foreseen in Article 9a.”

Article 2

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Communities*.

It shall apply to applications submitted in respect of marketing years or premium periods starting on or after 1 January 2000.

The Commission shall, where appropriate, adopt provisions under the procedure laid down in Article 12a(2) of Regulation (EEC) No 3508/92 to facilitate the transition from the provisions of that Regulation to those laid down by this Regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Council Regulation amending Regulation (EEC) No 3508/92 establishing an integrated administration and control system for certain Community aid schemes

2. BUDGET HEADING(S) INVOLVED

3. LEGAL BASIS

Article 37 of the treaty

4. DESCRIPTION OF OPERATION

4.1 General objective

The action aims to amend Regulation (EEC) No 3508/92 establishing an integrated administration and control system (IACS) for certain Community aid schemes in order to adapt IACS to the decisions on the reform of the common agricultural policy.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation (relation between individual and total costs)

The Commission does not intend to co-finance the costs of the technique of geographical information systems and of digital orthophotography incurred by Member States pursuant to this Regulation which are estimated to be about 118,8 MEUR. This total corresponds to 36 EUR per applicant of aid or corresponds to 1,25 EUR/ha. However, it must be taken into consideration that some Member States already apply these new techniques. Concerning the Member States, which do not yet have the new techniques, a part of the costs may be eligible for co-financing under Regulation (EC) No 723/97 within the limits of the budgetary possibilities.

8. FRAUD PREVENTION MEASURES

The proposals are designed to prevent fraud. The new technique of geographical information systems and of digital orthophotography substantially improves the control of the conditions of aid, considerably decreasing the possibility of fraud.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantified objectives; target population

The new technical modalities concerning the agricultural parcel identification system and the submission of applications shall adapt IACS to the requirements of the agricultural reform, shall improve IACS and shall ensure a homogenised application of control and sanction in the context of EC Community aid schemes covered by IACS in order to avoid discrepancies and distortion of competition between the Member States.

The technique of geographical information systems and of digital orthophotography will accelerate the administrative control, will reduce or even eliminate the number of substantial errors and will reduce the administrative costs.

9.2 GROUNDS FOR THE OPERATION

The amendments are justified by the need to adapt IACS to the reform decisions and to protect the financial interests of the Community in the context with subsidies paid by the EAGGF, section Guarantee.

A rapid implementation ensures the efficiency and transparency of Community aid, decreases administrative costs and reduces the risk to the EAGGF. A homogenised application of control and sanction avoids discrepancies and distortion of competition between the Member States.

9.3 Monitoring and evaluation of the operation

The implementation of the new instruments in the Member States are monitored and evaluated in the framework of the clearance of accounts procedures of the EAGGF-accounts.

10. ADMINISTRATIVE EXPENDITURE (SECTION III, PART A OF THE BUDGET)

There is no additional administrative expenditure for the Commission.